

# Internal Revenue bulletin

Bulletin No. 1999-31  
August 2, 1999

## HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

### INCOME TAX

#### **Rev. Rul. 99-32, page 135.**

**Federal rates; adjusted federal rates; adjusted federal long-term rate, and the long-term exempt rate.** For purposes of sections 1274, 1288, 382, and other sections of the Code, tables set forth the rates for August 1999.

#### **Rev. Proc. 99-30, page 221.**

This document provides the domestic asset/liability percentages and domestic investment yield percentages needed by foreign companies conducting insurance business in the United States to compute their minimum effectively connected net investment income.

### EMPLOYEE PLANS

#### **Notice 99-38, page 138.**

**Weighted average interest rate update.** Guidelines are set forth for determining for July 1999 the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability for purposes of the full funding limitation of section 412(c)(7) of the Code.

### EXEMPT ORGANIZATIONS

#### **Announcement 99-78, page 229.**

A list is given of organizations now classified as private foundations.

### ADMINISTRATIVE

#### **Rev. Proc. 99-29, page 138.**

**Magnetic media; electronic filing; 1999 form specifications.** Specifications are set forth for the magnetic or electronic filing of 1999 Forms 1098, 1099, 5498, and W-2G. Rev. Proc. 98-35, superseded.

#### **Announcement 99-71, page 223.**

The OID tables from Publication 1212, *List of Original Issue Discount Instruments*, will no longer be available electronically from the IRS bulletin board.

#### **Announcement 99-76, page 223.**

Taxpayers are advised of the general approach currently being considered by Treasury and the Service with respect to the taxation of contingent payment debt instruments that provide for payments denominated in or determined by reference to a nonfunctional currency. Public comments regarding the proper treatment of these instruments are requested and should be submitted by November 1, 1999.

#### **Announcement 99-79, page 229.**

This announcement updates Publication 1187 (Rev. 8-98) which provides specifications for the magnetic or electronic filing of Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding.

Finding Lists begin on page ii.  
Index for July begins on page iv.



Department of the Treasury  
Internal Revenue Service

# Mission of the Service

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities

and by applying the tax law with integrity and fairness to all.

## Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly and may be obtained from the Superintendent of Documents on a subscription basis. Bulletin contents are consolidated semiannually into Cumulative Bulletins, which are sold on a single-copy basis.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and proce-

dures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

### **Part I.—1986 Code.**

This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

### **Part II.—Treaties and Tax Legislation.**

This part is divided into two subparts as follows: Subpart A, Tax Conventions, and Subpart B, Legislation and Related Committee Reports.

### **Part III.—Administrative, Procedural, and Miscellaneous.**

To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

### **Part IV.—Items of General Interest.**

This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The first Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the first Bulletin of the succeeding semiannual period, respectively.

The contents of this publication are not copyrighted and may be reprinted freely. A citation of the Internal Revenue Bulletin as the source would be appropriate.

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# Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

## Section 42.—Low-Income Housing Credit

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 1999. See Rev. Rul. 99-32, on this page.

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## Section 280G.—Golden Parachute Payments

Federal short-term, mid-term, and long-term rates are set forth for the month of August 1999. See Rev. Rul. 99-32, on this page.

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## Section 382.—Limitation on Net Operating Loss Carryforwards and Certain Built-In Losses Following Ownership Changes

The adjusted applicable federal long-term rate is set forth for the month of August 1999. See Rev. Rul. 99-32, on this page.

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## Section 412.—Minimum Funding Standards

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 1999. See Rev. Rul. 99-32, on this page.

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## Section 467.—Certain Payments for the Use of Property or Services

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 1999. See Rev. Rul. 99-32, on this page.

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## Section 468.—Special Rules for Mining and Solid Waste Reclamation and Closing Costs

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 1999. See Rev. Rul. 99-32, on this page.

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## Section 482.—Allocation of Income and Deductions Among Taxpayers

Federal short-term, mid-term, and long-term rates are set forth for the month of August 1999. See Rev. Rul. 99-32, on this page.

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## Section 483.—Interest on Certain Deferred Payments

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 1999. See Rev. Rul. 99-32, on this page.

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## Section 642.—Special Rules for Credits and Deductions

Federal short-term, mid-term, and long-term rates are set forth for the month of August 1999. See Rev. Rul. 99-32, on this page.

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## Section 807.—Rules for Certain Reserves

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 1999. See Rev. Rul. 99-32, on this page.

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## Section 846.—Discounted Unpaid Losses Defined

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 1999. See Rev. Rul. 99-32, on this page.

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## Section 1274.—Determination of Issue Price in the Case of Certain Debt Instruments Issued for Property

(Also sections 42, 280G, 382, 412, 467, 468, 482, 483, 642, 807, 846, 1288, 7520, 7872.)

**Federal rates; adjusted federal rates; adjusted federal long-term rate, and**

**the long-term exempt rate.** For purposes of sections 1274, 1288, 382, and other sections of the Code, tables set forth the rates for August 1999.

## Rev. Rul. 99-32

This revenue ruling provides various prescribed rates for federal income tax purposes for August (the current month.) Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the low-income housing credit described in section 42(b)(2) for buildings placed in service during the current month. Finally, Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520.

REV. RUL. 99-32 TABLE 1  
Applicable Federal Rates (AFR) for August 1999

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-Term</i>				
AFR	5.43%	5.36%	5.32%	5.30%
110% AFR	5.99%	5.90%	5.86%	5.83%
120% AFR	6.53%	6.43%	6.38%	6.35%
130% AFR	7.09%	6.97%	6.91%	6.87%
<i>Mid-Term</i>				
AFR	5.96%	5.87%	5.83%	5.80%
110% AFR	6.56%	6.46%	6.41%	6.37%
120% AFR	7.16%	7.04%	6.98%	6.94%
130% AFR	7.78%	7.63%	7.56%	7.51%
150% AFR	9.00%	8.81%	8.72%	8.65%
175% AFR	10.53%	10.27%	10.14%	10.06%
<i>Long-Term</i>				
AFR	6.23%	6.14%	6.09%	6.06%
110% AFR	6.86%	6.75%	6.69%	6.66%
120% AFR	7.51%	7.37%	7.30%	7.26%
130% AFR	8.14%	7.98%	7.90%	7.85%

REV. RUL. 99-32 TABLE 2  
Adjusted AFR for August 1999

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-term</i>				
adjusted AFR	3.69%	3.66%	3.64%	3.63%
<i>Mid-term</i>				
adjusted AFR	4.47%	4.42%	4.40%	4.38%
<i>Long-term</i>				
adjusted AFR	5.18%	5.11%	5.08%	5.06%

REV. RUL. 99-32 TABLE 3  
Rates Under Section 382 for August 1999

Adjusted federal long-term rate for the current month	5.18%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.)	5.18%

REV. RUL. 99-32 TABLE 4  
Appropriate Percentages Under Section 42(b)(2) for August 1999

Appropriate percentage for the 70% present value low-income housing credit	8.43%
Appropriate percentage for the 30% present value low-income housing credit	3.61%

REV. RUL. 99-32 TABLE 5

Rate Under Section 7520 for August 1999

Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest

7.2%

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**Section 1288.—Treatment of Original Issue Discount on Tax-Exempt Obligations**

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 1999. See Rev. Rul. 99-32, page 135.

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**Section 7520.—Valuation Tables**

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 1999. See Rev. Rul. 99-32, page 135.

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**Section 7872.—Treatment of Loans With Below-Market Interest Rates**

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 1999. See Rev. Rul. 99-32, page 135.

## Part III. Administrative, Procedural, and Miscellaneous

### Weighted Average Interest Rate Update

#### Notice 99-38

Notice 88-73 provides guidelines for determining the weighted average interest rate and the resulting permissible range of

interest rates used to calculate current liability for the purpose of the full funding limitation of § 412(c)(7) of the Internal Revenue Code as amended by the Omnibus Budget Reconciliation Act of 1987 and as further amended by the Uruguay Round Agreements Act, Pub. L. 103-465 (GATT).

The average yield on the 30-year Treasury Constant Maturities for June 1999 is 6.04 percent.

The following rates were determined for the plan years beginning in the month shown below.

Month	Year	Weighted Average	90% to 105% Permissible Range	90% to 110% Permissible Range
July	1999	6.03	5.42 to 6.33	5.42 to 6.63

#### Drafting Information

The principal author of this notice is Todd Newman of the Employee Plans Division. For further information regarding this notice, call (202) 622-6076 between 2:30 and 3:30 p.m. Eastern time (not a toll-free number). Mr. Newman's number is (202) 622-8458 (also not a toll-free number).

#### Rev. Proc. 99-29

Use this revenue procedure to prepare Tax Year 1999 and prior year information returns for submission to Internal Revenue Service (IRS) using any of the following:

- Magnetic Tape
- Tape Cartridge
- 8mm, 4mm, and Quarter Inch Cartridges
- 3½-Inch Diskette
- Electronic Filing

#### Caution to filers:

*To be in compliance with Year 2000 changes, the bisynchronous electronic filing communications package and the 5¼-inch diskette filing have been discontinued.*

**Please read this publication carefully. Persons or businesses required to file information returns magnetically or electronically may be subject to penalties for failure to file or include correct information if they do not follow the instructions in this revenue procedure.**

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## Part A. General

Revenue procedures are generally revised annually to reflect legislative and form changes. Comments concerning this revenue procedure, or suggestions for making it more helpful, can be addressed to:

Internal Revenue Service  
Martinsburg Computing Center  
Attn: IRB, Information Support Section  
**230 Murall Drive**  
**Kearneysville, WV 25430**

## Sec. 1. Purpose

**.01** The purpose of this revenue procedure is to provide the specifications for filing Forms 1098, 1099, 5498, and W-2G magnetically or electronically, which includes ½-inch magnetic tape; IBM 3480, 3490 or AS400 compatible tape cartridges

(including 8mm); or 3½-inch diskette with IRS. ***IRS/MCC has discontinued processing 8-inch, 5¼-inch diskette, and the mainframe electronic filing system. The previously used BBS (Bulletin Board System) has also been replaced.*** This revenue procedure must be used for the preparation of Tax Year 1999 information returns and information returns for tax years prior to 1999 that are required to be filed. This revenue procedure must be used to prepare current and prior year information returns ***filed beginning January 1, 2000 and received by IRS/MCC or postmarked by December 15, 2000.*** Specifications for filing the following forms are contained in this revenue procedure.

- (a) Form 1098, Mortgage Interest Statement.
- (b) Form 1098-E, Student Loan Interest Statement
- (c) Form 1098-T, Tuition Payments Statement
- (d) Form 1099-A, Acquisition or Abandonment of Secured Property
- (e) Form 1099-B, Proceeds From Broker and Barter Exchange Transactions
- (f) Form 1099-C, Cancellation of Debt
- (g) Form 1099-DIV, Dividends and Distributions
- (h) Form 1099-G, Certain Government and *Qualified State Tuition Program Payments*
- (i) Form 1099-INT, Interest Income
- (j) Form 1099-LTC, Long-Term Care and Accelerated Death Benefits
- (k) Form 1099-MISC, Miscellaneous Income
- (l) Form 1099-MSA, Distributions From an MSA or *Medicare+Choice MSA*
- (m) Form 1099-OID, Original Issue Discount
- (n) Form 1099-PATR, Taxable Distributions Received From Cooperatives
- (o) Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
- (p) Form 1099-S, Proceeds From Real Estate Transactions
- (q) Form 5498, IRA Contribution Information

- (r) Form 5498-MSA or Medicare+ Choice MSA Information
- (s) Form W-2G, Certain Gambling Winnings

**.02** Specifications for filing Forms W-2 on magnetic media are available from the Social Security Administration (SSA) **only**. Filers can call (1-800-SSA-6270) to obtain the phone number of the SSA Magnetic Media Coordinator for their area.

**.03** IRS/MCC does **not** process Forms W-2. Paper **and/or** magnetic media for Forms W-2 must be sent to SSA. IRS/MCC does, however, process waiver requests (Form 8508), extension of time to file requests (Form 8809) for Forms W-2 and requests for an extension of time to provide the employee copies of Forms W-2.

**.04** Generally, the box numbers on the paper forms correspond with the amount codes used to file magnetically/electronically; however, if discrepancies occur, the instructions in this revenue procedure govern.

**.05** This revenue procedure also provides the requirements and specifications for magnetic media or electronic filing under the Combined Federal/State Filing Program.

**.06** The following revenue procedures and publications provide more detailed filing procedures for certain other information returns.

- (a) 1999 "Instructions for Forms 1099, 1098, 5498, and W-2G" provides specific instructions on completing and submitting information returns to IRS.
- (b) Publication 1179, Rules and Specifications for Private Printing of Substitute Forms 1096, 1098, 1099, 5498, and W-2G.

- (c) Publication 1239, Specifications for Filing Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips, Magnetically or Electronically
- (d) Publication 1187, Specifications for Filing Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, Magnetically or Electronically
- (e) Publication 1245, Specifications for Filing Form W-4, Employee's Withholding Allowance Certificate, Magnetically or Electronically.

**.07** This revenue procedure supersedes Rev. Proc. 98-35 published as Publication 1220 (Rev. 5-98) Specifications for Filing Forms 1098, 1099, 5498, and W-2G Magnetically or Electronically.

**.08** Refer to Part A, Sec. 17, for definitions of terms used in this publication.

## Sec. 2. Nature of Changes—Current Year (Tax Year 1999)

**.01** In this publication, all pertinent changes for Tax year 1999 are emphasized by the use of *italics*. Portions of text which require special attention have been **bolded**. Filers are always encouraged to read the publication in its entirety.

### **.02 Programming Changes**

#### **a. Global Changes Affecting All Records**

(1) For all forms - In all date fields that have a one-digit month (January through September) and a one-digit day (1 through 9), the number must be preceded by a zero. The date fields, in all cases, are numeric; therefore, blanks, alphas, or special characters are not acceptable. Exam-

ple: January 2, 1999 (19990102). The four-digit year must precede the month and the day to be Y2K compliant.

(2) The following types of media are no longer accepted by IRS/MCC:

- (a) 5¼-inch diskettes
- (b) 3½-inch diskettes created on a non-MS-DOS system
- (c) 3½-inch diskettes created on a System 36 or AS400

(3) All references in text to 5¼-inch diskettes and instructions applicable to 5¼-inch diskettes have been deleted.

(4) Part C (previously Bisynchronous - Mainframe Electronic Filing Specifications) has been changed to Electronic Filing Specifications.

(a) **The new phone number for electronic filing is (1-304-262-2400).**

(5) Part D (previously Asynchronous - IRP-BBS) has been changed to Magnetic/Electronic Specifications For Extensions of Time.

(6) In Part D, Sec. 3. Record Layout - Field Position 186; Code 6 has been added for Form 5498-MSA.

(7) **Electronic test files only** may be submitted beginning November 1, 1999, and as late as January 31, 2000.

(8) The due date of information returns filed **electronically** has been changed to March 31, 2000. This change **does not** apply to the Forms 5498 or 5498-MSA nor to magnetic media filing.

(9) Filers who submitted information returns via the Information Reporting Program-Bulletin Board System or Mainframe may submit data via the new electronic filing system. See Part C for filing instructions and specifications.

(10) The following QIC (Quarter-Inch Cartridge) sizes have been deleted from Part B, Section 4:

Size	Tracks	Density	Capacity
QIC-11	4/5	4 (8000BPI)	22Mb or 30Mb
QIC-320	26	17 (16000 BPI)	320Mb
QIC-1350	30	18 (51667 BPI)	1.3Gb

(11) The telephone number for filing Form W-2 information magnetically with the Social Security Administration has changed to 1-800-SSA-6270.



#### **b. Programming Changes - Transmitter "T" Record**

- (1) For all forms, Payment Year, Field positions 2-5, must be incremented to reflect the 4 digit report year (1998 to 1999), unless reporting prior year data.
- (2) Field positions 296-303, Total Number of Payees, is no longer a required field.

#### **c. Programming Changes – Payer "A" Record**

- (1) For all forms, Payment Year, Field Positions 2-5, must be incremented to reflect the 4 digit year (1998 to 1999), unless reporting prior year data.
- (2) **Form 1098** - Mortgage Interest Statement, Field Positions 28-39: Amount Code 4 has been added for the use by the interest recipient to provide other information, such as real estate taxes or insurance paid from escrow.
- (3) **Form 1098-T** - Tuition Payments Statement, Field Positions 28-39: For Tax Year 1999, payers are only required to report entity information (TIN, name, address and the appropriate student indicators).
- (4) **Form 1099-G** - Certain Government and Qualified State Tuition Program Payments, Field Positions 28-39: Amount Code 5 has been added for Qualified state tuition program earnings.
- (5) **Form 1099-INT** - Interest Income, Field Positions 28-39: Amount Code 5 has been renamed to represent Investment expenses and Foreign tax paid is now Amount Code 6.
- (6) **Form 1099-MSA** - Distributions From an MSA or Medicare+Choice MSA, Field Positions 28-39: Amount Code 4 was added for Fair market value of the account at date of death.
- (7) **Form 1099-OID** - Original Issue Discount, Field Positions 28-39: Two new amount codes were added:
  - Amount Code 6** - Original issue discount on U.S. Treasury obligations
  - Amount Code 7** - Investment expenses
- (8) For all information returns - Field Positions 48, 49, and 50: a note has been added to instruct filers to select only one indicator for each Payer "A" Record. Corrections and originals may be submitted on the same media, however, they must be filed under separate "A" Records.
- (9) For Tax Year 1999, Form 1098-E, Student Loan Interest Statement and Form 1098-T, Tuition Payments Statement, may be reported on paper regardless of the 250 return threshold.

#### **d. Programming Changes — Payee "B" Record**

- (1) For all forms, Payment Year, Field Positions 2-5 must be incremented to reflect the 4-digit reporting year (1998 to 1999), unless reporting prior year data.
- (2) **Form 1099-MSA** - Distributions From an MSA or Medicare+Choice MSA:
  - a) Field Position 545, Distribution Code - Code 6, Death distribution after year of death to a nonspouse beneficiary, has been added.
  - b) Field Position 547 - A new Medicare+Choice Indicator has been added to specifically identify this type of distribution.
- (3) **Form 1099-R** – Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
  - Field positions 545-546 - The following codes have been **deleted**:
    - a) Code B – May be eligible for death benefit exclusion
    - b) Code C – May be eligible for both A and B
    - c) Code K – Distribution from a 1998 Roth conversion IRA in first 5 years.
  - The following code has been **added**:
    - a) Code R – Recharacterized IRA contribution.
  - The following code has be **changed**:
    - a) Code J – Distribution from a Roth IRA.
- (4) **Form 5498** – Field Position 551 has been changed to Recharacterization indicator.
- (5) **Form 5498-MSA** – Field Positions 544-750 have been created to accommodate changes to the form.

#### **3. Editorial Changes — General**

- (a) Files containing information returns on magnetic media; Form 4804, Transmittal of Information Returns reported Magnetically/Electronically; Form 4419, Application for Filing Information Returns Magnetically/Electronically, and any correspondence regarding information returns (i.e. suggestions, name and/or address changes) must be sent to the following address:

Internal Revenue Service  
Martinsburg Computing Center  
Attn: Information Returns Branch  
**230 Murall Drive**  
**Kearneysville, WV 25430**



(b) Magnetically filed requests for extension of time to file as well as Form 8809, Request for Extension of Time To File Information Returns, and Form 8508, Request for Waiver From Filing Information Returns on Magnetic Media, must be sent to the following address:

Internal Revenue Service  
Martinsburg Computing Center  
Attn: Extension of Time Coordinator  
**240 Murall Drive**  
**Kearneysville, WV 25430**



- (c) Only tests submitted electronically may be submitted and/or resubmitted through January 31, 2000.
- (d) In Part A, Sec. 5.14, reference to *Operation Allied Force (Yugoslavia)* has been added.
- (e) In Part A, Sec. 8.04, the statement instructing filers submitting hard copy prints for tests has been deleted. Hard copy print tests are no longer acceptable.
- (f) Information has been added to Part A, Sec. 10.01, regarding filing methods and applicable due dates.
- (g) The following note has been added to Part A, Sec. 10.01, supporting the changed due date for electronic filing:  
*As a result of recent legislation, electronically filed Forms 1099, 1098 or W-2G are due to the IRS by March 31, 2000. The due date for magnetically filed Forms 1099, 1098 and W-2G remains unchanged (February 28, 2000).*
- (h) Due to security regulations at IRS/MCC, a note has been added to Part A, Sec. 10.05 alerting filers to the hours of delivery for PDSs.
- (i) Part A, Sec. 11.02 – A footnote was added in reference to Internal Revenue Code Section 6071(b) which eliminates the necessity for electronic filers of information returns to request an extension of the filing date from February 28, 2000, to March 31, 2000, effective for returns required to be filed after December 31, 1999.
- (j) Part A, Sec. 11.10 – Additional information has been added to the note referencing the extension of time to file electronically.
- (k) In Part A, Sec. 12.05 – A note of clarification has been added to the term correction.
- (l) **Form 1099-G** – The title of the form has been changed to Certain Government and Qualified State Tuition Program Payments.
- (m) **Form 1099-MSA** – The title of the form has been changed to Distributions From an MSA or Medicare+Choice MSA.
- (n) **Form 5498-MSA** – The title of the form has been changed to MSA or Medicare + Choice MSA Information.
- (o) In Part A, Sec. 17, Definition of Terms – The term bisynchronous and the related definition has been deleted.
- (p) In Part A, Sec. 17, Definition of Terms – The term ISDN (Integrated Services Digital Network) and related definition has been added.
- (q) In Part A, Sec. 17, Definition of Terms – A note has been added under the definition of Payer to identify the eligible educational institution that received the qualified tuition and related expenses in 1999 as the payer.
- (r) In Part B, Sec. 4.07.(d), clarification has been added in describing the typical capacity of DDS.

### Sec. 3. Where To File and How to Contact the IRS, Martinsburg Computing Center

.01 All information returns filed magnetically or electronically are processed at IRS/MCC. Files containing information returns and requests for IRS magnetic media and electronic filing information should be sent to the following address:

If by Postal Service, truck or air freight:    
IRS-Martinsburg Computing Center  
Information Reporting Program  
**230 Murall Drive**  
**Kearneysville, WV 25430**

.02 Send a magnetically filed extension of time request, undue hardship waivers, and requests for extensions of time to file returns or to furnish the statements to recipients to the following address:

If by Postal Service, truck or air freight:    
IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Extension of Time Coordinator**  
**240 Murall Drive**  
**Kearneysville, WV 25430**

.03 Telephone inquiries for the Information Reporting Program Call Site may be made between 8:30 a.m. and 4:30 p.m. Eastern time, Monday through Friday.

.04 The telephone numbers for magnetic media inquiries or electronic submissions are:



304-263-8700 – Call Site – Part A, Sec 3.10

304-267-3367 – TDD

(Telecommunication Device for the Deaf)

304-264-5602 – Fax Machine

*Electronic Filing*

304-262-2400

\*\*\*\*\**(These are not toll-free telephone numbers.)*\*\*\*\*\*

TO OBTAIN FORMS:

1-800-TAX-FORM (1-800-829-3676)

www.irs.ustreas.gov – INTERNET access to forms (*See Note.*)

☛ **Caution to filers:** *Because the IRS processes paper forms by machine (optical character recognition equipment), you cannot file the IRS Form 1096 or Copy A of Forms 1098, 1099, 5498, or W-2G printed from the IRS Internet Web Site or the CD-ROM.*

**.05** The 1999 “Instructions for Forms 1099, 1098, 5498, and W-2G” have been included in the Publication 1220 for your convenience. The Form 1096 is used only to transmit Copy A of **paper** Forms 1099, 1098, 5498, and W-2G. If filing paper returns, follow the mailing instructions on the Form 1096 and submit the paper returns to the appropriate IRS Service Center.

**.06** Requests for paper Forms 1096, 1098, 1099, 5498, and W-2G, and publications related to magnetic media/electronic filing should be made by calling the IRS toll-free number **1-800-TAX-FORM (1-800-829-3676)** or by using the **IRS Web Site at www.irs.ustreas.gov**.

**.07** Questions pertaining to magnetic media filing of Forms W-2 **must** be directed to the Social Security Administration (SSA). Filers can call 1-800-SSA-6270 to obtain the phone number of the SSA Magnetic Media Coordinator for their area.

**.08** Payers **should not** contact IRS/MCC if they have received a penalty notice and need additional information or are requesting an abatement of the penalty. A penalty notice contains an IRS representative’s name and/or phone number for contact purposes; or, the payer may be instructed to respond in writing to the address provided. IRS/MCC does **not** issue penalty notices and does **not** have the authority to abate penalties. For penalty information, refer to the Penalty section of the 1999 “Instructions for Forms 1099, 1098, 5498, and W-2G.”

**.09** A taxpayer or authorized representative may request a copy of a tax return, including Form W-2 filed with a return, by submitting Form 4506, Request for Copy or Transcript of Tax Form, to IRS. This form may be obtained by calling **1-800-TAX-FORM (1-800-829-3676)**.

**.10** The IRS Centralized Call Site answers both magnetic media and tax law questions relating to the filing of information returns (Forms 1096, 1098, 1099, 5498, 8027, W-2G, 1042-S, and W-4). The Call Site also answers tax law and paper filing related questions about Forms W-2 and W-3, as well as handling inquiries dealing with backup withholding due to missing and incorrect taxpayer identification numbers. The Call Site is located at IRS/MCC and operates in conjunction with the Information Reporting Program. The Call Site provides service to the payer community (financial institutions, employers, and other transmitters of information returns). Recipients of information returns (payees) should continue to contact 1-800-829-1040 or other numbers specified in the tax return instructions with any questions on how to report information on their tax returns.

The Call Site accepts calls from all areas of the country. The number to call is **304-263-8700** or Telecommunications Device for the Deaf (**TDD**) **304-267-3367**. These are toll calls. Hours of operation for the Call Site are Monday through Friday, 8:30 a.m. to 4:30 p.m. Eastern Time. The Call Site is in operation throughout the year to handle the questions of payers, transmitters, and employers. Due to the high demand for assistance at the end of January and February, it is advisable to call as soon as possible to avoid these peak filing seasons.

#### Sec. 4. Filing Requirements

**.01** The regulations under section 6011(e)(2)(A) of the Internal Revenue Code provide that, any person, including a corporation, partnership, individual, estate, and trust, who is required to file 250 or more information returns must file such returns magnetically/electronically. **The 250\* or more requirement applies separately for each type of return and separately to each type of corrected return.**

**\*Even though as many as 249 information returns may be submitted on paper to the Internal Revenue Service, IRS encourages filers to transmit information returns magnetically or electronically.**

**.02** All filing requirements that follow apply individually to each reporting entity as defined by its separate Taxpayer Identification Number (TIN) [Social Security Number (SSN), Employer Identification Number (EIN), or Individual Taxpayer Identification

Number (ITIN)]. For example, if a corporation with several branches or locations uses the same EIN, the corporation must aggregate the total volume of returns to be filed for that EIN and apply the filing requirements to each type of return accordingly.

**.03** Payers who are required to submit their information returns on magnetic media may choose to submit their documents by electronic filing. *Payers who submit their information returns electronically by March 31, 2000, are considered to have satisfied the magnetic media filing requirements.*

**.04** *IRS/MCC has one method by which payers may submit their files electronically, which is included in Part C.*

**.05** The following requirements apply separately to both originals and corrections filed magnetically/electronically:

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1098	<b>250 or more of any</b> of these forms require magnetic media or electronic filing with IRS. These are stand alone
1098-E*	documents and are not to be aggregated for purposes of determining the 250 threshold. For example, if you must
1098-T*	file 100 Forms 1099-B and 300 Forms 1099-INT, Forms 1099-B need not be filed magnetically or electronically
1099-A	since they do not meet the threshold of 250. However, Forms 1099-INT must be filed magnetically or electron-
1099-B	ically since they meet the threshold of 250.
1099-C	
1099-DIV	
1099-G	
1099-INT	
1099-LTC	
1099-MISC	
1099-MSA	
1099-OID	
1099-PATR	
1099-R	
1099-S	
5498	
5498-MSA	
W-2G	

\*For Tax Year 1999, Forms 1098-E and 1098-T may be reported on paper regardless of the 250 threshold.

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**.06** The above requirements do not apply if the payer establishes hardship (see Part A, Sec. 5).

## Sec. 5. Form 8508, Request for Waiver From Filing Information Returns on Magnetic Media

**.01** If a payer is required to file on magnetic media but fails to do so (or fails to file electronically in lieu of magnetic media filing) and does not have an approved waiver on record, the payer will be subject to a penalty of \$50 per return in excess of 250. (For penalty information, refer to the Penalty section of the 1999 "Instructions for Forms 1099, 1098, 5498, and W-2G.")

**.02** If payers are required to file original or corrected returns on magnetic media, but such filing would create a hardship, they may request a waiver from these filing requirements by submitting Form 8508, Request for Waiver From Filing Information Returns on Magnetic Media, to IRS/MCC.

**.03** Even though a payer may submit as many as 249 corrections on paper, IRS encourages magnetically or electronically submitted corrections. Once the 250 threshold has been met, filers are required to submit any returns of 250 or more magnetically or electronically. However, if a waiver for original documents is approved, any corrections for the same type of returns will be covered under this waiver.

**.04** Generally, only the payer may sign the Form 8508. A transmitter may sign if given power of attorney; however, a letter signed by the payer stating this fact must be attached to the Form 8508.

**.05** **A transmitter must submit a separate Form 8508 for each payer. Do not submit a list of payers.**

**.06** All information requested on the Form 8508 must be provided to IRS for the request to be processed.

**.07** The waiver, if approved, will provide exemption from magnetic media filing for the current tax year only. Payers may not apply for a waiver for more than one tax year at a time; application must be made each year a waiver is necessary.

**.08** Form 8508 may be photocopied or computer-generated as long as it contains all the information requested on the original form.

**.09** Filers are encouraged to submit Form 8508 to IRS/MCC at least 45 days before the due date of the returns.

**.10** **File Form 8508 for the W-2 series of forms with IRS/MCC, not SSA.**

**.11** Waivers are evaluated on a case-by-case basis and are approved or denied based on criteria set forth in the regulations under section 6011(e) of the Internal Revenue Code. The transmitter must allow a minimum of 30 days for IRS/MCC to respond to a waiver request.

**.12** If a waiver request is approved, the transmitter should keep the approval letter on file. **The transmitter should not send a copy of the approved waiver to the service center where the paper returns are filed.**

**.13 An approved waiver from filing information returns on magnetic media does not provide exemption from all filing.** The payer must timely file information returns on acceptable paper forms with the appropriate service center.

**.14 Desert Storm/Operation Joint Guard (OJG), Operation Allied Force (Yugoslavia), (Bosnia Region) Contributions [See Note]** - If a payer is required to file a Form 5498 magnetically/electronically, the payer may request an **automatic** waiver to file Forms 5498 on paper for participants of Desert Storm or Operation Joint Guard/*Operation Allied Force (Yugoslavia)*. The payer should clearly mark Desert Storm, Operation Joint Guard or *Operation Allied Force (Yugoslavia)* on the waiver request form.

☛ **Note: Military personnel under Operation Joint Guard (OJG) will be treated the same as military personnel under Operation Joint Endeavor (OJE) for purposes of Pub. L. 104-117 and Notice 96-34, 1996-1 C.B. 379. For more information on the reporting for Operation Allied Force (Yugoslavia) see Pub. L. 106-21, 04/19/1999 and Notice 99-30.**

## Sec. 6. Vendor List

**.01** IRS/MCC prepares a list of vendors who support magnetic media or electronic filing. The Vendor List (Pub. 1582) contains the names of service bureaus that will produce files on the prescribed types of magnetic media or via electronic filing. It also contains the names of vendors who provide software packages for payers who wish to produce magnetic media or electronic files on their own computer systems. This list is compiled as a courtesy and in no way implies IRS/MCC approval or endorsement.

**.02 If filers meeting the filing requirements engage a service bureau to prepare media on their behalf, the filers should be careful not to report duplicate data, which may cause penalty notices to be generated.**

**.03** The Vendor List may be updated in print every other year. The most recently printed copy will be available by contacting IRS/MCC at (304) 263-8700 or by way of a letter (see Part A, Sec. 3).

**.04** A vendor, who offers a software package, has the ability to produce magnetic media for customers, or has the capability to electronically file information returns, and would like to be included on the list, must submit a written request to IRS/MCC. The request should include:

- (a) Company name
- (b) Address (include city, state, and ZIP code)
- (c) Telephone number (include area code)
- (d) Contact person
- (e) Type(s) of service provided (e.g., service bureau and/or software)
- (f) Type(s) of media offered (e.g., magnetic tape, tape cartridge, 3½-inch diskettes, or electronic filing)
- (g) Type of return

## Sec. 7. Form 4419, Application for Filing Information Returns Magnetically/Electronically

**.01** Transmitters are required to submit Form 4419, Application for Filing Information Returns Magnetically/Electronically, to request authorization to file information returns with IRS/MCC. A single Form 4419 should be filed no matter how many types of returns the transmitter will be submitting magnetically/electronically. For example, if a transmitter plans to file Forms 1099-INT, one Form 4419 should be submitted. If, at a later date, another type of form (Forms 1098, 1099, 5498 and W-2G) is to be filed, the transmitter does not need to submit a new Form 4419.

### EXCEPTIONS

**An additional Form 4419 is required for filing each of the following types of returns: Forms 1042-S, 8027, and W-4.**

FORM	TITLE	EXPLANATION
1042-S	Foreign Persons U.S. Source Income Subject to Withholding	Payments subject to withholding under Chapter 3 of the Code, including interest, dividends, royalties, pensions and annuities, gambling winnings and compensation for personal services.
8027	Employer's Annual Information Return of Tip Income and Allocated Tips	Receipts from operations where tipping is customary. Used by the employer to report employee's tips or allocated tips.
W-4 (See Note)	Employee's Withholding Allowance Certificate	Forms received during the quarter from employees still employed at the end of the quarter who claim the following:



- (a) More than 10 withholding allowances  
or
- (b) Exempt status and wages normally  
would be more than \$200 a week.

☛ **Note: Employers are not required to send other Forms W-4 unless notified to do so by the IRS.**

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**.02** Magnetic tape, tape cartridge, diskette, and electronically-filed returns may not be submitted to IRS/MCC until the application has been approved. Please read the instructions on the back of Form 4419 carefully. A Form 4419 is included in the Publication 1220 for the filer's use. This form may be photocopied. Additional forms may be obtained by calling **1-800-TAX-FORM (1-800-829-3676)**. The form is also available on the **IRS Internet Web Site at [www.irs.ustreas.gov](http://www.irs.ustreas.gov)**.

**.03** Upon approval, a five-character alpha/numeric Transmitter Control Code (TCC) will be assigned and included in an approval letter. The TCC **must** be coded in the Transmitter "T" Record. If a transmitter uses more than one TCC to file, each TCC must be reported on separate media or in separate transmissions if filing electronically.

**.04** Annually, a Publication 1220 containing the current revenue procedure, forms, and instructions will be sent to the attention of the contact person indicated on Form 4419.

**.05** If **any** of the information (name, TIN or address) on the Form 4419 changes, please notify IRS/MCC in writing so the IRS/MCC database can be updated. However, a change in the method by which information returns are being submitted is not information which needs to be updated (i.e., tape to disk). The transmitter should include the TCC in all correspondence.

**.06** Form 4419 may be submitted anytime during the year; however, it **must** be submitted to IRS/MCC at least 30 days before the due date of the return(s) for current year processing. This will allow IRS/MCC the minimum amount of time necessary to process and respond to applications. In the event that computer equipment or software is not compatible with IRS/MCC, a waiver may be requested to file returns on paper documents.

**.07** IRS/MCC encourages transmitters who file for multiple payers to submit one application and to use the assigned TCC for all payers.

**.08** If a payer's files are prepared by a service bureau, the payer may not need to submit an application to obtain a TCC. Some service bureaus will produce files, code their own TCC on the media, and send it to IRS/MCC for the payer. Other service bureaus will prepare magnetic media and return the media to the payer for submission to IRS/MCC. These service bureaus may require the payer to obtain a TCC to be coded in the Transmitter "T" Record. Payers should contact their service bureaus for further information.

**.09** Once a transmitter is approved to file magnetically or electronically, it is not necessary to reapply each year **unless**:

- (a) The payer has discontinued filing magnetically or electronically for two years; the payer's TCC may have been reassigned by IRS/MCC. Payers who are aware the TCC assigned will no longer be used are requested to notify IRS/MCC so these numbers may be reassigned; **or**
- (b) The payer's magnetic media files were transmitted in the past by a service bureau using the service bureau's TCC, but now the payer has computer equipment compatible with that of IRS/MCC and wishes to prepare his or her own files. The payer must request a TCC by filing Form 4419.

**.10** One Form 4419 may be submitted regardless of how many types of media or methods are used to file the return. **Multiple TCCs will only be issued to payers with multiple TINs. Only one TCC will be issued per TIN unless the filer has checked the application for the following forms in addition to the Forms 1098, 1099, 5498 or W-2G; Forms 1042-S, 8027, and/or W-4. A separate TCC will be assigned for each of these forms.**

**.11** In accordance with Regulations section 1.6041-7(b), payments by separate departments of a health care carrier to providers of medical and health care services may be reported on separate returns on magnetic media. In this case, the headquarters will be considered the transmitter, and the individual departments of the company filing reports will be considered payers. A single Form 4419 covering all departments filing on magnetic media should be submitted. One TCC may be used for all departments.

**.12** Approval to file does not imply endorsement by IRS/MCC of any computer software or of the quality of tax preparation services provided by a service bureau or software vendor.

## Sec. 8. Test Files

**.01** IRS/MCC does not require test files, **except** for filers wishing to participate in the Combined Federal/State Filing Program (See Part A, Sec. 16, for further information concerning the Combined Federal/State Filing Program).

**.02** IRS/MCC encourages first-time magnetic media or electronic filers to submit a test. The test file must consist of a sample of each type of record:

- (a) Transmitter "T" Record (all fields marked required must include transmitter information)
- (b) Payer "A" Record (must not be fictitious data)
- (c) Multiple Payee "B" Records (**at least 11 "B" Records per each "A" Record**)
- (d) End of Payer "C" Record
- (e) State Totals "K" Record, if participating in the Combined Federal/State Filing Program

(f) End of Transmission "F" Record (See Part B for record formats.)

.03 Use the Test Indicator "T" in Field Position 28 of the "T" Record to show this is a test file.

.04 IRS/MCC will check the file to ensure it meets the specifications of this revenue procedure. For current filers, sending a test file will provide the opportunity to ensure their software reflects any programming changes.

.05 Tests should be sent to IRS/MCC between November 1 and December 15. **Tests submitted on magnetic media must be received at MCC by December 15 in order to be processed.** Magnetic media filers may begin submitting test tapes and diskettes after October 1; however, the data will not be processed until on or after November 1.

*Only tests submitted electronically may be submitted and resubmitted through January 31, 2000.*

.06 For tests filed electronically, the transmitter must send or *fax* the signed Form 4804, Transmittal of Information Returns Reported Magnetically/Electronically, the same day the transmission is made. Electronic tests may be submitted November 1, 1999, through *January 31, 2000*. For tests filed on magnetic tape, tape cartridge, 8mm, 4mm, and quarter inch cartridge, and 3½-inch diskette, the transmitter must include the signed Form 4804 in the same package with the corresponding magnetic media. Mark the "TEST" box in Block 1 on the form. Also, mark "TEST" on the external media label.

.07 IRS/MCC will send a letter of acknowledgment to indicate the test results for magnetic media only. Unacceptable magnetic media files, along with documentation identifying the errors, will be returned. Resubmission of magnetic media test files must be received by IRS/MCC no later than December 15.

.08 Successfully processed media will not be returned to filers.

## Sec. 9. Filing of Information Returns Magnetically/Electronically and Retention Requirements

.01 Form 4804, Transmittal of Information Returns Reported Magnetically/Electronically, Form 4802, Transmittal of Information Returns Reported Magnetically/Electronically (Continuation), or a computer-generated substitute, must accompany **all** magnetic media shipments. For electronic transmissions, the Form 4804 and Form 4802, if applicable, must be sent or *faxed* the same day as the electronic transmission. Form 4802, is a continuation of Form 4804 and should only be used if the filer is reporting more than five types of returns and/or more than five payers. Form 4802 is not a stand-alone form; it can only accompany Form 4804.

.02 IRS/MCC allows for the use of computer-generated substitutes for Form 4804/4802. The substitutes must contain all information requested on the original forms including the affidavit and signature line. Photocopies are acceptable original signatures. **When using computer-generated forms, be sure to mark very clearly which tax year is being reported. This will eliminate a phone communication from IRS/MCC to question the tax year.**

.03 A transmitter may report for any combination of payers and/or documents in a submission. Each file must begin with a "T" Record and end with an "F" record for the end of a transmission. For example, if reporting Forms 1099-INT for Bank A, Forms 1099-DIV for Bank B, and Forms 1098 for Bank C, three separate tapes or diskettes need not be created. All three banks and all types of documents can be coded within a file on one tape or diskette as long as each bank or type of return has a separate "A" Record. Multiple tapes or diskettes can be sent in one package. For each separate type of media, the first record on the file must be the Transmitter "T" Record. **A Form 4804, Transmittal of Information Returns Reported Magnetically/Electronically, must be submitted for every Transmitter "T" Record. Filers must include Form 4804, 4802, or computer-generated substitute with their shipment.**

.04 Multiple types of media may be submitted in a shipment. However, submit a separate Form 4804 for each type of media.

.05 Current and prior year data may be submitted in the same shipment; however, each tax year must be on separate media, and a separate Form 4804 must be prepared to clearly indicate each tax year.

.06 Filers who have prepared their information returns in advance of the due date are encouraged to submit this information to IRS/MCC no earlier than January 1 of the year the return is due.

.07 **Do not report duplicate information. If a filer submits returns magnetically/electronically, identical paper documents must not be filed. This may result in erroneous penalty notices.**

.08 Form 4804 may be signed by the payer or the transmitter, service bureau, paying agent, or disbursing agent (all hereafter referred to as agent), on behalf of the payer. **Failure to sign the affidavit on Form 4804 may delay processing or could result in the files being returned unprocessed.** An agent may sign the Form 4804 if the agent has the authority to sign the affidavit under an agency agreement (either oral, written, or implied) that is valid under state law and adds the caption "FOR: (name of payer)."

.09 Although an authorized agent may sign the affidavit, the payer is responsible for the accuracy of the Form 4804 and the returns filed. The payer will be liable for penalties for failure to comply with filing requirements.

.10 **A self-adhesive external media label, created by the filer, must be affixed to each piece of magnetic media. (IRS no longer provides self-adhesive labels for this purpose.)** For instructions on how to prepare an external media label, refer to Notice 210 in the forms section of this publication. *If diskettes are used, be certain that only MS-DOS compatible operating systems were used to prepare the diskettes. Non-MS-DOS diskettes are no longer acceptable at IRS-MCC.*

.11 On the outside of the shipping container, affix or attach a label which reads "**IRB Box \_\_\_ of \_\_\_**" reflecting the number of containers in the shipment. (Filers can create a label with this information or cut out one of the labels on the special label page provided in this publication.) If there is only one container, mark the outside as Box 1 of 1. For multiple containers, include the sequence for example, Box 1 of 3, 2 of 3, 3 of 3).

- .12 When submitting files include the following:
- (a) A **signed** Form 4804;
  - (b) Form 4802, if applicable;
  - (c) External media label (created by filer) affixed to magnetic media;
  - (d) IRB Box \_\_\_\_\_ of \_\_\_\_\_ outside label.

☛ **Note: See Part C for Electronic Submission Requirements.**

.13 **Do not use special shipping containers for transmitting data to IRS/MCC. Shipping containers will not be returned.**

.14 If returns from different locations (using the same name and TIN) are submitted on the same file, IRS encourages the filer to consolidate each type of information return under one "A" Record. For example, all "B" Records for the same type of return should be together under one "A" Record and followed by the End of Payer "C" Record.

.15 IRS/MCC will not pay for or accept "Cash-on-Delivery" or "Charge to IRS" shipments of tax information that an individual or organization is legally required to submit.

.16 Payers should retain a copy of the information returns filed with IRS or have the ability to reconstruct the data for at least 3 years from the reporting due date, with the exception of Form 1099-C. A financial entity must retain a copy of Form 1099-C, Cancellation of Debt, or have the ability to reconstruct the data required to be included on the return, for at least 4 years from the date such return is required to be filed. Whenever backup withholding is imposed, a 4 year retention is required.

## Sec. 10. Due Dates

.01 The due dates for filing paper returns with IRS also apply to magnetic media. Filing of information returns is on a calendar year basis, except for Forms 5498 and 5498-MSA, which are used to report amounts contributed during or after the calendar year (but not later than April 15). The following due dates will apply to Tax Year 1999:

### Due Dates

Electronic Filing (See Note)	Magnetic Filing
Forms 1098, 1099, and W-2G	Forms 1098, 1099, and W-2G
Recipient Copy - January 31, 2000	Recipient Copy - January 31, 2000
IRS Copy - - - - - March 31, 2000	IRS Copy - - - - - February 28, 2000

☛ *Note: As a result of the Restructuring and Reform Act of 1998, the electronically filed Forms 1099, 1098, or W-2G are due to the IRS by March 31, 2000. The due date for magnetically filed Forms 1099, 1098, and W-2G remains unchanged (February 28, 2000).*

*Legislation amended Internal Revenue Code section 6071(b), which eliminates the necessity for electronic filers of Forms 1099, 1098, and W-2G to request an extension of the filing date from February 28 to March 31, effective for returns required to be filed after December 31, 1999.*

Electronic/Magnetic Filing
Forms 5498 and 5498-MSA
Participant Copy - May 31, 2000*
IRS Copy - - - - - May 31, 2000
* Participants copy of Form 5498 for education IRA and fair market value information -January 31, 2000

.02 If any due date falls on a Saturday, Sunday or legal holiday, the return or statement is considered timely if filed or furnished on the next business day (i.e., the next day that is not a Saturday, Sunday, or legal holiday).

.03 Information returns filed magnetically for Forms 1098, 1099, and W-2G must be submitted to IRS/MCC postmarked on or before *February 28, 2000*.

.04 *Electronically filed information returns for Forms 1098, 1099 and W-2G must be submitted to IRS/MCC no later than March 31, 2000, and will be considered timely filed if submitted by that date. Electronically filed information returns submitted after March 31, 2000, will be considered late unless an extension has been applied for and approved.*

.05 Magnetic media returns postmarked by the United States Postal Service (USPS) on or before *February 28, 2000*, and delivered by United States mail to the IRS/MCC after the due date, are treated as timely under the "timely mailing as timely filing" rule. A similar rule applies to items delivered by private delivery services (PDSs) designated by the IRS. A PDS must be designated by the IRS before it will qualify for the timely mailing rule. (See Note.) Notices 98-47, 1998-37, I.R.B. 8, provides the list of designated PDSs. Designation is effective until the IRS issues a revised list. Notice 97-26 1997-1 C.B. 413, provides rules for determining the

date that is treated as the postmark date. For items delivered by a non-designated PDS, the actual date of receipt by IRS/MCC will be used as the filing date. For items delivered by a designated PDS, but through a type of service not designated in Notice 98-47, the actual date of receipt by IRS/MCC will be used as the filing date. The timely mailing rule also applies to furnishing statements to recipients and participants and filing Forms 5498 and 5498-MSA.

☛ *Note: Due to security regulations at MCC, the Internal Revenue police officers will not accept media from PDSs or couriers between the hours of 3:00 p.m. to 11:00 p.m., seven days a week, and 11:00 p.m. to 7:00 a.m., Saturday and Sunday.*

**.06** Statements to recipients must be furnished on or before *January 31, 2000*, for *TY 1999*. Form 5498 statements to the participants must be furnished on or before *January 31, 2000*, for *TY 1999* for the fair market value of the account and for contributions to an education IRA and by *May 31, 2000*, for *TY 1999* for contributions made to all other types of IRAs for the prior calendar year.

**.07** Forms 5498 and 5498-MSA filed magnetically or electronically must be filed with IRS/MCC on or before *May 31, 2000*, for *TY 1999*. Forms 5498 and 5498-MSA are filed for contributions to be applied to *1999* that are made *January 1, 1999* through *April 17, 2000*, and/or to report the fair market value of any IRA/SEP/SIMPLE (Form 5498) or medical savings account (Form 5498-MSA).

**.08** Use this revenue procedure to prepare information returns filed magnetically or electronically beginning *January 1, 2000*, and received by IRS/MCC no later than *December 15, 2000*.

## Sec. 11. Extensions of Time

**.01** An extension of time to file may be requested for Forms 1099, 1098, 5498, 5498-MSA, W-2G, W-2 series of forms, 8027 and 1042-S.

**.02** Form 8809, Request for Extension of Time to File Information Returns, should be submitted to IRS/MCC at the address *listed in .06 of this section*. This form may be used to request an extension of time to file information returns submitted on paper, magnetically or electronically *f*.

**.03** Requesting an extension of time for multiple payers (50 or less) may be done by submitting Form 8809 and attaching a list of the payer names and associated TINs (EIN or SSN). **The listing must be attached to ensure an extension is recorded for all payers.** Form 8809 may be computer-generated or photocopied. Be sure that all the pertinent information is included. *For Forms 1098, 1099 and W-2G that will be filed electronically, Form 8809 must be submitted on or before March 31, 2000.*

**.04** Requests for an extension of time to file for more than 50 payers are required to be submitted magnetically or electronically. Requests for an extension of time for 10 to 50 payers are encouraged to be filed magnetically or electronically. (See Part D, Sec. 3, for the record format.) The request may be filed on tape, tape cartridge, 3½-inch diskette, or electronically.

**.05** If a filer does not have an IRS/MCC assigned Transmitter Control Code (TCC), a Form 4419, Application for Filing Information Returns Magnetically/Electronically, must be submitted to obtain a TCC. This number **must** be used to submit an extension request magnetically/electronically.

**.06 All requests for an extension of time filed on Form 8809 or filed magnetically on tape, tape cartridge, or 3½-inch diskettes should be sent using the following address:**

If by Postal Service, truck or air freight:



IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Extension of Time Coordinator**  
**240 Murall Drive**  
**Kearneysville, WV 25430**

**.07** Requests for extensions of time for multiple payers will be responded to with one approval letter, accompanied by a list of payers covered under that approval.

**.08 As soon as it is apparent** that a 30-day extension of time to file is needed, Form 8809 may be submitted. It will take a minimum of 30 days for IRS/MCC to respond to an extension request. Under certain circumstances, a request for an extension of time could be denied. When a denial letter is received, any additional or necessary information may be resubmitted within 20 days.

**.09** Form 8809 must be postmarked no later than the due date of the return for which an extension is requested. If requesting an extension of time to file several types of forms, use one Form 8809; however, the Form 8809 must be postmarked no later than the earliest due date. For example, if requesting an extension of time to file both Forms 1099-INT and 5498, submit Form 8809 postmarked on or before February 28, 2000. (See **NOTE:**) Complete more than one Form 8809 to avoid this problem.

☛ **NOTE:** *For Tax Year 1999, if you will be filing Forms 1098, 1099, or W-2G electronically, the Form 8809 is not required unless an extension beyond March 31, 2000.*

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*f* Internal Revenue Code Section 6071(b) eliminates the necessity for electronic filers of the information returns to which this provision applies (Forms 1098, 1099, W-2G) to request an extension of the filing date from February 28 to March 31, effective for returns required to be filed after December 31, 1999.



**.10** If an additional extension of time is needed, a second Form 8809 must be filed by the initial extended due date. Check line 7 on the form to indicate that an additional extension is being requested. A second 30-day extension will be approved only in cases of extreme hardship or catastrophic event. **If requesting a second 30-day extension of time, submit the information return files as soon as prepared. Do not wait for MCC's response to your second extension request.**

**.11** If an extension request is approved, the approval letter should be kept on file. The approval letter or copy of the approval letter for an extension of time should not be sent to IRS/MCC with the magnetic media file or to the service center where the paper returns are filed.

**.12** Request an extension for only one tax year.

**.13** The extension request must be signed by the payer or a person who is duly authorized to sign a return, statement or other document for the payer.

**.14** Failure to properly complete and sign the Form 8809 may cause delays in processing the request or result in a denial. Carefully read and follow the instructions on the back of the Form 8809.

**.15** Form 8809 may be obtained by calling **1-800-TAX-FORM (1-800-829-3676)**. The form is also available on the **IRS Internet Web Site [www.irs.ustreas.gov](http://www.irs.ustreas.gov)**. A copy of the Form 8809 is also provided in the back of the Publication 1220.

**.16** **Request an extension of time to furnish the statements to recipients of Forms 1098, 1099, 5498, W-2G, W-2 series of forms, and 1042-S by submitting a letter to IRS/MCC at the address listed in .06 of this section. The letter should contain the following information:**

- (a) Payer name
- (b) TIN
- (c) Address
- (d) Type of return
- (e) Specify that the extension request is to provide statements to recipients.
- (f) Reason for delay
- (g) Signature of payer or person duly authorized

Requests for an extension of time to furnish the statements to recipients for Forms 1098, 1099, 5498, W-2G, W-2 series of forms, and 1042-S are not automatically approved; however, if approved, generally an extension will allow a maximum of 30 additional days from the due date to furnish the statements to the recipients. The request must be postmarked by the date on which the statements are due to the recipients.

## Sec. 12. Processing of Information Returns Magnetically/Electronically

**.01** All data received at IRS/MCC for processing will be given the same protection as individual income tax returns (Form 1040). IRS/MCC will process the data and determine if the records are formatted and coded according to this revenue procedure.

**.02** If the data is formatted incorrectly, the magnetic media will be returned for replacement accompanied by a Media Tracking Slip (Form 9267). When media is returned, it is because IRS/MCC encountered errors (not limited to format) and was unable to process the media, therefore, requiring a replacement. Open all packages immediately.

**.03** Magnetic media files must be corrected and returned with the Media Tracking Slip (Form 9267) to IRS/MCC within 45 days from the date of the letter IRS/MCC included with the returned files. *Refer to Part C, Section 6, for procedures for correcting files submitted electronically.* A penalty for failure to file correct information returns by the due date will be assessed if the files are not corrected and returned within the 45 days **or if the incorrect files are returned by IRS/MCC for replacement more than two times.** A penalty for intentional disregard of filing requirements will be assessed if a replacement file is not received. (For penalty information, refer to the Penalty section of the 1999 "Instructions for Forms 1099, 1098, 5498, and W-2G.")

**.04** Sample records identifying errors encountered will be provided with the returned media. It is the responsibility of the transmitter to check the entire file for similar errors.

**.05** The following definitions have been provided to help distinguish between a correction and a replacement:

- A **correction** is an information return submitted by the transmitter to correct an information return that was previously submitted to and processed by IRS/MCC, but contained erroneous information..

☛ **Note:** *Corrections should only be made to records that have been submitted incorrectly, not the entire file.*

- A **replacement** is an information return file that IRS/MCC has returned to the transmitter due to errors encountered during processing. After necessary changes have been made, the file must be returned for processing along with the Media Tracking Slip Form 9267) which was included in the shipment from IRS/MCC. (See **Note**).

☛ **Note:** **Filers should never send anything to IRS/MCC marked "Replacement" unless IRS/MCC returned media to them.**

**.06** IRS/MCC will not return media after successful processing. Therefore, if the transmitter wants proof that IRS/MCC received a shipment, the transmitter should select a service with tracking capabilities or one that will provide proof of delivery. Do not use special shipping containers for transmitting data to IRS/MCC. Shipping containers will not be returned.



.07 IRS/MCC will work with filers as much as possible to assist with processing problems. **If the filer is contacted by IRS/MCC, a prompt response is important. IRS/MCC may have information that the filer needs to correct his or her file.**

.08 IRS/MCC contacts payers who have submitted payee data with missing TINs in an attempt to prevent errors that could result in penalties. Payers who submit data with missing TINs and have taken the required steps to obtain this information are encouraged to attach a letter of explanation to the required Form 4804. This will prevent unnecessary contact from IRS/MCC. This letter, however, will not prevent backup withholding notices (CP2100 or CP2100A) or penalties for missing or incorrect TINs.

## Sec. 13. Corrected Returns

.01 The magnetic media filing requirement of information returns of 250 or more applies separately to both original and corrected returns.

### E X A M P L E

If a payer has 100 Forms 1099-A to be corrected, they can be filed on paper since they fall under the 250 threshold. However, if the payer has 300 Forms 1099-B to be corrected, they must be filed magnetically or electronically since they meet the 250 threshold. If for some reason a payer cannot file the 300 corrections on magnetic media, to avoid penalties, a request for a waiver must be submitted before filing on paper. If a waiver is approved for original documents, any corrections for the same type of return will be covered under this waiver.

.02 Corrections should be filed **as soon as possible**. Corrections filed after August 1 may be subject to the maximum penalty of \$50 per return. Corrections filed by August 1 may be subject to a lesser penalty. (For information on penalties, refer to the Penalty section of the 1999 "Instructions for Forms 1099, 1098, 5498, and W-2G.") However, if payers discover errors after August 1, they may still be required to file corrections so they will not be subject to a penalty for intentional disregard of the filing requirements. Failure to correct information returns may result in penalties for failure to provide correct information. **All fields must be completed with the correct information, not just the data fields needing correction.** Submit corrections only for the returns filed in error, not the entire file. Furnish corrected statements to recipients as soon as possible.

.03 There are numerous types of errors, and in some cases, more than one transaction may be required to correct the initial error. **If the original return was filed as an aggregate, the filers must consider this in filing corrected returns.**

.04 Corrected returns may be included on the same medium as original returns; however, separate "A" Records are required. Corrected returns must be identified on the Form 4804 and the external media label by indicating "Correction." **If filers discover that certain information returns were omitted on their original file, they must not code these documents as corrections. The file must be coded and submitted as originals.**

.05 If a payer discovers errors for prior years that affect a large number of payees, in addition to sending IRS the corrected returns and notifying the payees, a letter containing the following information should be sent to IRS/MCC:

- (a) Name and address of payer
- (b) Type of error (please explain clearly)
- (c) Tax year
- (d) Payer TIN
- (e) TCC
- (f) Type of Return
- (g) Number of Payees

This information will be forwarded to the appropriate office in an attempt to prevent erroneous notices from being sent to the payees. The correction must be submitted on an actual information return document or filed magnetically/electronically. Provide the correct tax year in Block 2 of the Form 4804 and on the external media label.

.06 Prior year data, original and corrected, **must** be filed according to the requirements of this revenue procedure. If submitting prior year corrections, use the record format for the current year and submit on separate media. However, use the actual year designation of the correction in Field Positions 2-5 of the "T", "A", and "B" Records. If filing electronically, a separate transmission must be made for each tax year.

.07 In general, filers should submit corrections for returns filed within the last 3 calendar years [4 years if the payment is a reportable payment subject to backup withholding under section 3406 of the Code and also for Form 1099-C, Cancellation of Debt under section 1.6050P-1(e)(7)].

.08 All paper returns, whether original or corrected, must be filed with the appropriate service center.

.09 Form 4804 and Form 4802 (if applicable), must be submitted with corrected files submitted magnetically or electronically.

.10 The "B" Record provides a 20-position field for the Payer's Account Number for the Payee. This number will help identify the appropriate incorrect return if more than one return is filed for a particular payee. **Do not enter a TIN in this field.** A payer's account number for the payee may be a checking account number, savings account number, serial number, or any other number assigned to the payee by the payer that will distinguish the specific account. This number should appear on the initial return and on the corrected return in order to identify and process the correction properly.

.11 The record sequence for filing corrections is the same as for original returns.

.12 Review the chart that follows. Errors normally fall under one of the two categories listed. Next to each type of error made is a list of instructions on how to file the corrected return.

### Guidelines for Filing Corrected Returns Magnetically/Electronically

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#### Error Made on the Original Return

#### How To File the Corrected Return

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**Two (2) separate transactions are required to make the following corrections properly. Follow the directions for both Transactions 1 and 2. (See Note 1)**

1. Original return was filed with one or more of the following errors:

- (a) No payee TIN (SSN, ITIN, or EIN)
- (b) Incorrect payee TIN
- (c) Incorrect payee name
- (d) Wrong type of return indicator

**Transaction 1:** Identify incorrect returns

- A. Prepare a new Form 4804/4802 that includes information related to this new file.
- B. Mark "Correction" in Block 1 of Form 4804.
- C. Prepare a new file. The first record on the file will be the Transmitter "T" Record.
- D. Make a separate "A" Record for each type of return and each payer being reported. The information in the "A" record will be **exactly** the same as it was in the original submission with one exception; the Correction File Indicator (Field Position 50), will be set to "1".
- E. The Payee "B" Records must contain **exactly the same** information as submitted previously, except, insert a Corrected Return Indicator Code of "G" in Field Position 6 of the "B" Records, and for all payment amounts, enter "0" (zeros).
- F. Corrected returns submitted to IRS/MCC using "G" coded "B" Records may be on the same file as those returns submitted with a "C" code; **however, separate "A" Records are required.**
- G. Prepare a separate "C" Record for each type of return and each payer being reported.
- H. Continue with Transaction 2 to complete the correction.

**Transaction 2:** Report the correct information

- A. Make a separate "A" Record for each type of return and each payer being reported. The Correction File Indicator (Field Position 50), must be set to "1" (one).
- B. The Payee "B" Records must show the correct information as well as a Corrected Return Indicator Code of "C" in Field Position 6.
- C. Corrected returns submitted to IRS/MCC using "C" coded "B" Records may be on the same file as those returns submitted with "G" codes; **however, separate "A" Records are required.**
- D. Prepare a separate "C" Record for each type of return and each payer being reported.
- E. The last record on the file will be the End of Transmission "F" Record.
- F. Indicate "Correction" on the external media label.

☛ **Note 1:** Payers who can show they have reasonable cause (defined in the regulations under section 6724 of the Internal Revenue Code) are not required to make corrections for returns filed with a missing or incorrect name and/or TIN. These payers should change their records in order to submit correct information in the future. Payers who cannot show reasonable cause are encouraged to make corrections for the current processing year by August 1 to reduce applicable penalties. Corrections filed by August 1 will reduce the \$50 per return penalty for filing returns with missing or incorrect information to \$30. The penalty is further reduced to \$15 per return if the corrections are filed within 30 days of the due date. (For penalty information, refer to the Penalty section of the 1999 "Instructions for Forms 1099, 1098, 5498, and W-2G.") Corrections filed after August 1 will not reduce the penalty but will allow IRS to update the payee's records. The regulations for section 6724 are available in Publication 1586, Reasonable Cause Regulations and Requirements for Missing and Incorrect

**One transaction is required to make the following corrections properly (See Note 2).**

2. Original return was filed with one or more of the following errors:
  - (a) Incorrect payment the Payer "A" Record  
the Payer "A" Record
  - (b) Incorrect payment amounts in the Payer "B" Record
  - (c) Incorrect code in the Distribution Code field in  
the Payee "B" Record
  - (d) Incorrect payee address
  - (e) Incorrect Direct sales indicator
  - A. Prepare a new Form 4804/4802 that includes information relating to this new file.
  - B. Mark "Correction" in Block 1 of Form 4804.
  - C. Prepare a new file. The first record on the file will be the Transmitter "T" Record.
  - D. Make a separate "A" Record for each type of return and each payer being reported. Information in the "A" Record may be the same as it was in the original submission. However, the Correction File Indicator (Field Position 50) must be set to "1" (one).
  - E. The Payee "B" Records must show the correct record information as well as a Corrected Return Indicator Code of "G" in Field Position 6.
  - F. Corrected returns submitted to IRS/MCC using "G" coded "B" Records may be on the same file as those returns submitted without the "G" coded "B" Records; **however, separate "A" Records are required.**
  - G. Prepare a separate "C" Record for each type of return and each payer being reported.
  - H. The last record on the file will be the End of Transmission "F" Record.
  - I. Indicate "Correction" on the external media label.

**Note 2:** If a filer is correcting the name and/or TIN in addition to any errors listed in item 2 of the chart, two transactions will be required. If a filer is reporting "G" coded, "C" coded, and/or "Non-coded" (original) returns on the same media, each category must be reported under separate "A" Records.

## Sec. 14. Taxpayer Identification Number (TIN)

**.01** Section 6109 of the Internal Revenue Code requires a person to furnish his/her TIN to the person obligated to file the information return.

**.02** The payee's TIN and name combination is used to associate information returns reported to IRS/MCC with corresponding information on tax returns. It is imperative that **correct** Taxpayer Identification Numbers (TINs) for payees be provided to IRS/MCC. **Do not enter hyphens or alpha characters.** Entering all zeros, ones, twos, etc., will have the effect of an incorrect TIN.

**.03** The payer and payee names with associated TINs should be consistent with the names and TINs used on other tax returns. Also, the name and TIN provided **must** belong to the owner of the account. If the account is recorded in more than one name, furnish the name and TIN of one of the owners of the account. The TIN provided must be associated with the name of the payee provided in the first name line of the "B" Record. For individuals, the payee TIN is generally the payee's Social Security Number (SSN). For other entities, the payee TIN is the payee's Employer Identification Number (EIN). The payee TIN may also refer to an Individual Taxpayer Identification Number (ITIN) or Adoption Taxpayer Identification Number (ATIN). For sole proprietors, the payee TIN may be either an SSN or EIN but **the sole proprietor's name (not the business name) must be used on the first name line and the SSN is preferred.**

**.04** Failure to provide the correct name and corresponding TIN could result in a penalty and/or backup withholding notice (sometimes referred to as a "B" Notice).

**.05** The following charts will help payers determine the TIN to be furnished to IRS/MCC for those persons for whom they are reporting information (payees).

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**Chart 1. Guidelines for Social Security Numbers**

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For this type of account	In the Taxpayer Identification Number Field of the Payee "B" Record, enter the SSN of-	In the First Payee Name Line of the Payee "B" Record, enter the name of-
<b>1. Individual</b>	The individual	The individual
<b>2. Joint account (two or more individuals, including husband and wife)</b>	The actual owner of the account or, if combined funds, the first individual on the account	The individual whose SSN is entered
<b>3. Custodian account of a minor (Uniform Gift, or Transfers, to Minors Act)</b>	The minor	The minor
<b>4. The usual revocable savings trust account (grantor is also trustee)</b>	The grantor-trustee trustee	The grantor-trustee
<b>5. A so-called trust account that is not a legal or valid trust under state law</b>	The actual owner	The actual owner
<b>6. Sole proprietorship</b>	The owner (an SSN or EIN)	The owner, not the business name (The filer may enter the business name on the second name line.)

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**Chart 2. Guidelines for Employer Identification Numbers**

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For this type of account-	In the Taxpayer Identification Number Field of the Payee "B" Record, enter the EIN of-	In the First Payee Name Line of the Payee "B" Record, enter the name of-
<b>1. A valid trust, estate, or pension trust</b>	The legal entity <sup>1</sup>	The legal trust, estate, or pension trust
<b>2. Corporate</b>	The corporation	The corporation
<b>3. Association, club, religious, charitable, educational, or other tax-exempt organization</b>	The organization	The organization
<b>4. Partnership account held in the name of the business</b>	The partnership	The partnership

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<sup>1</sup> Do not furnish the identification number of the personal representative or trustee unless the name of the representative or trustee is used in the account title.

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## Chart 2. Guidelines for Employer Identification Numbers—Continued

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For this type of account-	In the Taxpayer Identification Number Field of the Payee “B” Record, enter the EIN of-	In the First Payee Name Line of the Payee “B” Record, enter the name of-
5. A broker or registered nominee/middleman	The broker or nominee/middleman	The broker or nominee/middleman
6. Account with Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison), that receives agriculture program payments	The public entity	The public entity
7. Sole proprietorship	The business (an EIN or SSN)	The owner, not the business name (The filer may enter the business name on the second name line.)

### Sec. 15. Effect on Paper Returns and Statements to Recipients

**.01** Magnetic/electronic reporting of information returns eliminates the need to submit paper documents to the IRS. **CAUTION:** Do not send Copy A of the paper forms to IRS/MCC for any forms filed on magnetic media or electronically. This will result in duplicate filing; therefore, erroneous notices could be generated.

**.02** Payers are responsible for providing statements to the payees as outlined in the 1999 “Instructions for Forms 1099, 1098, 5498, and W-2G.” Refer to those instructions for filing information returns on paper with the IRS and furnishing statements to recipients.

**.03** Statements to recipients should be clear and legible. If the official IRS form is not used, the filer must adhere to the specifications and guidelines in Publication 1179, “Rules and Specifications for Private Printing of Substitute Forms 1096, 1098, 1099, 5498, and W-2G.”

### Sec. 16. Combined Federal/State Filing Program

**.01** The Combined Federal/State Filing (CF/SF) Program was established to simplify information returns filing for the taxpayer. IRS/MCC will forward this information to participating states free of charge for approved filers. Separate reporting to those states is not necessary. The following information returns may be filed under the Combined Federal/State Filing Program:

Form 1099-DIV —	Dividends and Distributions
Form 1099-G —	Certain Government <i>and Qualified State Tuition Program Payments</i>
Form 1099-INT —	Interest Income
Form 1099-MISC —	Miscellaneous Income
Form 1099-OID —	Original Issue Discount
Form 1099-PATR —	Taxable Distributions Received from Cooperatives
Form 1099-R —	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
Form 5498 —	IRA Contribution Information

The following information returns **may not** be filed under this program:

Form 1098 —	Mortgage Interest Statement
Form 1098-E —	Student Loan Interest Statement
Form 1098-T —	Tuition Payments Statement
Form 1099-A —	Acquisition or Abandonment of Secured Property
Form 1099-B —	Proceeds From Broker and Barter Exchange Transactions
Form 1099-C —	Cancellation of Debt
Form 1099-LTC —	Long-Term Care and Accelerated Death Benefits
Form 1099-MSA —	Distributions From <i>an MSA or Medicare+Choice MSA</i>



Form 1099-S — Proceeds From Real Estate Transactions  
Form 5498-MSA — MSA or Medicare+Choice MSA Information  
Form W-2G — Certain Gambling Winnings

**.02** To request approval to participate, a magnetic media test file coded for this program **must** be submitted to IRS/MCC between November 1, 1999, and December 15, 1999. *Electronic test files must be submitted between November 1, 1999, and January 31, 2000.*

**.03** Attach a letter to the Form 4804 submitted with the test file to indicate a desire to participate in the Combined Federal/State Filing Program.

**.04** A test file is only required for the first year. Each record, both in the test and the actual data file, must conform to this revenue procedure.

**.05** If the test file is acceptable, IRS/MCC will send the filer an approval letter, and a Form 6847, Consent for Internal Revenue Service to Release Tax Information, which the payer **must** complete, sign, and return to IRS/MCC before any tax information can be released to the state. Filers must write their TCC on Form 6847.

**.06** If the test file is not acceptable, IRS/MCC will return the media with a letter indicating the problems. The *new test* file must be returned to IRS/MCC no later than December 15.

**.07** A separate Form 6847 is **required** for each payer. A transmitter may not combine payers on one Form 6847 even if acting as Attorney-in-Fact for several payers. Form 6847 may be computer-generated as long as it includes all information that is on the original form or it may be photocopied. If the Form 6847 is signed by an Attorney-in-Fact, the written consent from the payer must clearly indicate that the Attorney-in-Fact is empowered to authorize release of the information.

**.08** Only code the records for participating states and for those payers who have submitted Form 6847.

**.09** Some participating states require separate notification that the payer is filing in this manner. Since IRS/MCC acts as a forwarding agent only, **it is the payer's responsibility to contact the appropriate states for further information.**

**.10** All corrections properly coded for the Combined Federal/State Filing Program will be forwarded to the participating states.

**.11** Participating states and corresponding valid state codes are listed in **Table 1** of this section. The appropriate state code must be entered for those documents that meet the state filing requirements; **do not use state abbreviations.**

**.12** To simplify filing, some of the participating states have provided their information return reporting requirements (see **Table 2**). **Each state's filing requirements are subject to change by the state. It is the payer's responsibility to contact the participating states to verify the criteria provided in this table.**

**.13** Upon submission of the actual files, the transmitter must be sure of the following:

- (a) All records should be coded exactly as required by this revenue procedure.
- (b) The "C" Record **must be** followed by a State Totals "K" Record for each state being reported.
- (c) Payment amount totals and the valid participating state code must be included in the State Totals "K" Record.
- (d) The last "K" Record **must be** followed by an "A" Record or an End of Transmission "F" Record (if this is the last record of the entire file).

**Table 1. Participating States and Their Codes**

State	Code	State	Code	State	Code
Alabama	01	Idaho	16	Missouri	29
Arizona	04	Indiana	18	Montana	30
Arkansas	05	Iowa	19	New Jersey	34
California	06	Kansas	20	New Mexico	35
Delaware	10	Maine	23	North Dakota	38
District of Columbia	11	Massachusetts	25	Oregon	41
Georgia	13	Minnesota	27	South Carolina	45
Hawai	15	Mississipp	28	Tennessee	47
				Wisconsin	55

**Table 2. Dollar Criteria for State Reporting**

STATE	1099-DIV	1099-G	1099-INT	1099-MISC	1099-OID	1099-PATR	1099-R	5498
Alabama	\$1500	\$ NR	\$1500	\$1500	\$1500	\$1500	\$1500	NR
Arkansas	100	2500	100	2500	2500	2500	2500	<sup>a</sup>
District of Columbia <sup>b</sup>	600	600	600	600	600	600	600	NR
Hawaii	10	<sup>a</sup>	10	600	10	10	600	<sup>a</sup>

**Table 2. Dollar Criteria for State Reporting—Continued**

STATE	1099-DIV	1099-G	1099-INT	1099-MISC	1099-OID	1099-PATR	1099-R	5498
Idaho	NR	NR	NR	600	NR	NR	<sup>a</sup>	<sup>a</sup>
Iowa	10	10	10	600	10	10	10	<sup>a</sup>
Minnesota	10	10	10	600	10	10	600	<sup>a</sup>
Mississippi	600	600	600	600	600	600	600	NR
Missouri	NR	NR	NR	1200 <sup>c</sup>	NR	NR	NR	NR
Montana	10	10	10	600	10	10	600	<sup>a</sup>
New Jersey	1000	1000	1000	1000	1000	1000	1000	NR
Tennessee	100	NR	100	NR	NR	NR	NR	NR
Wisconsin	NR	NR	NR	600	NR	NR	600	NR

The preceding list is for information purposes only. The state filing requirements are subject to change by the states. For complete information on state filing requirements, contact the appropriate state tax agencies. Filing requirements for states in TABLE 1 not shown in TABLE 2 are the same as the federal requirement.

NR = No filing requirement.

Footnotes:

a. All amounts are to be reported.

b. Amounts are for aggregates of several types of income from the same payer.

c. Missouri would prefer those returns filed with respect to non-Missouri residents to be sent directly to its state agency.

## Sec. 17. Definition of Terms

<i>Element</i>	<i>Description</i>
Asynchronous Protocols	This type of data transmission is most often used by microcomputers, PCs and some minicomputers. Asynchronous transmissions transfer data at arbitrary time intervals using the start-stop method. Each character transmitted has its own start bit and stop bit.
ATIN	A temporary taxpayer identification number assigned to a child who has been placed by an authorized placement agency in the household of a prospective adoptive parent prior to adoption. When the adoption becomes final, the adoptive parent must apply for a social security number for the child.
b	Denotes a blank position. Enter blank(s) when this symbol is used (do not enter the letter “b”). This appears in numerous areas throughout the record descriptions.
Correction	A correction is an information return submitted by the transmitter to correct an information return that was previously submitted to and processed by IRS/MCC, but contained erroneous information.
<b>Note: A correction should not be confused with a replacement. Only media returned to the filer by IRS/MCC due to processing problems should be marked replacement.</b>	
CUSIP Number	A number developed by the Committee on Uniform Security Identification Procedures to serve as a common denominator in communications among users for security transactions and security information.
Employer Identification Number (EIN)	A nine-digit number assigned by IRS for federal tax reporting purposes.
Electronic Filing	Submission of information returns using switched telecommunications network circuits. These transmissions use modems, dial-up phone lines, and asynchronous protocols. See Parts A and C of this publication for specific information on electronic filing.

<i>Element</i>	<i>Description</i>
File	For purposes of this revenue procedure, a file consists of one Transmitter "T" Record at the beginning of the file, followed by a Payer "A" Record, Payee "B" Records, and an End of Payer "C" Record after each set of "B" Records. The last record on the file will be the End of Transmission "F" Record. Nothing should be reported after the End of Transmission "F" Record.
Filer	Person (may be payer and/or transmitter) submitting information returns to IRS.
Filing Year	The actual year in which the information returns are being submitted to IRS.
Golden Parachute Payment	A payment made by a corporation to a certain officer, shareholder, or highly compensated individual when a change in the ownership or control of the corporation occurs or when a change in the ownership of a substantial part of the corporate assets occurs.
Incorrect Taxpayer Identification Number (Incorrect TIN)	<p>A TIN may be incorrect for several reasons:</p> <ul style="list-style-type: none"> <li>(a) The payee provided a wrong number or name (e.g., the payee is listed as the only owner of an account but provided someone else's TIN).</li> <li>(b) A processing error (e.g., the number or name was typed incorrectly).</li> <li>(c) The payee's status changed (e.g., a payee name change was not reported to the IRS or SSA).</li> </ul>
Individual Taxpayer Identification Number (ITIN)	A nine digit number issued by IRS to individuals who are required to have a U.S. taxpayer identification number but are not eligible to obtain a social security number (SSN).
Information Return	The vehicle for submitting required information about another person to IRS. Information returns are filed by financial institutions and by others who make certain types of payments as part of their trade or business. The information required to be reported on an information return includes interest, dividends, pensions, nonemployee compensation for personal services, stock transactions, sales of real estate, mortgage interest, and other types of information. For this revenue procedure, an information return is a Form 1098, 1098-E, 1098-T, 1099-A, 1099-B, 1099-C, 1099-DIV, 1099-G, 1099-INT, 1099-LTC, 1099-MISC, 1099-MSA, 1099-OID, 1099-PATR, 1099-R, 1099-S, 5498, 5498-MSA or W-2G.
<i>ISDN - Integrated Services Digital Network</i>	<i>ISDN's basic service is Basic Rate Interface (BRI) which is made up of two 64Kbps B channels and one 16Kbps D Channel. If both channels are combined into one, called bonding, the total data rate becomes 128Kbps and is 4½ times the bandwidth of a 28.8 modem.</i>
Magnetic Media	For this revenue procedure, the term "magnetic media" refers to ½-inch magnetic tape; IBM 3480/3490/3490E or AS400 compatible tape cartridge; 8mm, 4mm, and QIC (Quarter Inch Cartridge) cartridge or 3½-inch diskette.
Media Tracking Slip (Form 9267)	Form 9267 accompanies media that IRS/MCC has returned to the filer for replacement due to incorrect format or errors encountered when trying to process the media. <b>This must be returned with the replacement file.</b>
Missing Taxpayer Identification Number	<p>The payee TIN on an information return is missing if:</p> <ul style="list-style-type: none"> <li>(a) there is no entry in the TIN field, (Missing TIN)</li> <li>(b) includes one or more alpha characters (a character or symbol other than an Arabic number) as one of the nine digits, OR</li> <li>(c) payee TIN has less than nine digits.</li> </ul>
PS 58 Costs	The current cost of life insurance under a qualified plan taxable under section 72(m) and Regulations section 1.72-16(b). (See Part B, Sec. 14, Payee "B" Record, Distribution Code, Category of Distribution, Code 9.)

<i>Element</i>	<i>Description</i>
Payee	Person or organization receiving payments from the payer, or for whom an information return must be filed. The payee also includes a student (Form 1098-T), borrower (Forms 1098, 1098-E, and 1099-A), a debtor (Form 1099-C), a policyholder or insured (Form 1099-LTC), any IRA plan participant (Form 5498) or <i>MSA or Medicare+Choice</i> MSA participant (Form 5498-MSA), and a gambling winner (Form W-2G). For Form 1099-S, the payee is the seller or other transferor.
Payer	Includes the person making payments, a recipient of mortgage or student loan interest payments, a broker, a person reporting a real estate transaction, a barter exchange, a creditor, a trustee or issuer of any IRA or MSA plan, or a lender who acquires an interest in secured property or who has reason to know that the property has been abandoned. The payer will be held responsible for the completeness, accuracy, and timely submission of magnetic/electronic files.
<p>☛ <b>Note:</b> For Form 1098-T, the eligible educational institution that received qualified tuition and related expenses is considered the payer.</p>	
Replacement	A replacement is an information return file that IRS/MCC has returned to the transmitter due to errors encountered during processing.
<p>☛ <b>Note:</b> Filers should never submit media to IRS/MCC marked “Replacement” unless IRS/MCC returned media to the filers. When sending “Replacement” media, be sure to include the Media Tracking Slip (Form 9267) which will accompany media returned by IRS/MCC. Media that has been incorrectly marked as Replacement may result in duplicate filing.</p>	
Service Bureau	Person or organization with whom the payer has a contract to prepare and/or submit information return files to IRS/MCC. A parent company submitting data for a subsidiary is not considered a service bureau.
Social Security Number (SSN)	A nine-digit number assigned by SSA to an individual for wage and tax reporting purposes.
Special Character	Any character that is <b>not</b> a numeric, an alpha, or a blank.
SSA	Social Security Administration.
Taxpayer Identification Number (TIN)	Refers to either an Employer Identification Number (EIN) Social Security Number (SSN), Individual Taxpayer Identification Number (ITIN), or Adoption Taxpayer Identification Number (ATIN).
Tax Year	Generally, the year in which payments were made by a payer to a payee.
Transfer Agent	The transfer agent, or paying agent, is the entity who has been contracted or authorized by the payer to perform the services of paying and reporting backup withholding (Form 945).
Transmitter	Refers to the person or organization submitting file(s) magnetically/electronically. The transmitter may be the payer or agent of the payer.
Transmitter Control Code (TCC)	A five character alpha/numeric number assigned by IRS/MCC to the transmitter prior to actual filing magnetically or electronically. This number is inserted in the “T” Record of the file and <b>must</b> be present before the file can be processed. An application Form 4419 must be filed with IRS/MCC to receive this number.
Vendor	Vendors include service bureaus that produce information return files on the prescribed types of magnetic media or via electronic filing for payers. Vendors also include companies who provide software for payers who wish to produce their own media or electronic files.

## Sec. 18. State Abbreviations.

**.01** The following state and U.S. territory abbreviations are to be used when developing the state code portion of address fields. This table provides state and territory abbreviations only, and does not represent those states participating in the Combined Federal/State Filing Program.

State	Code	State	Code	State	Code
Alabama	AL	Kentucky	KY	Ohio	OH
Alaska	AK	Louisiana	LA	Oklahoma	OK
American Samoa	AS	Maine	ME	Oregon	OR
Arizona	AZ	Marshall Islands	MH	Pennsylvania	PA
Arkansas	AR	Maryland	MD	Puerto Rico	PR
California	CA	Massachusetts	MA	Rhode Island	RI
Colorado	CO	Michigan	MI	South Carolina	SC
Connecticut	CT	Minnesota	MN	South Dakota	SD
Delaware	DE	Mississippi	MS	Tennessee	TN
District of Columbia	DC	Missouri	MO	Texas	TX
Federated States of Micronesia	FM	Montana	MT	Utah	UT
Florida	FL	Nebraska	NE	Vermont	VT
Georgia	GA	Nevada	NV	Virginia	VA
Guam	GU	New Hampshire	NH	(U.S.) Virgin Islands	VI
Hawaii	HI	New Jersey	NJ	Washington	WA
Idaho	ID	New Mexico	NM	West Virginia	WV
Illinois	IL	New York	NY	Wisconsin	WI
Indiana	IN	North Carolina	NC	Wyoming	WY
Iowa	IA	North Dakota	ND		
Kansas	KS	Northern Mariana Islands	MP		

**.02** Filers must adhere to the city, state, and ZIP Code format for U. S. addresses in the “B” Record. This also includes American Samoa, Federated States of Micronesia, Guam, Marshall Islands, Northern Mariana Islands, Puerto Rico, and the U. S. Virgin Islands.

**.03** For foreign country addresses, filers may use a 51 position free format which should include city, province or state, postal code, and name of country in this order. This is allowable only if a “1” (one) appears in the Foreign Country Indicator, Field Position 247 of the “B” Record.

**.04** When reporting APO/FPO addresses use the following format:

### EXAMPLE:

Payee Name	PVT Willard J. Doe
Mailing Address	Company F, PSC Box 100
	167 Infantry REGT
Payee City	APO (or FPO)
Payee State	AE, AA, or AP*
Payee ZIP Code	098010100

\*AE is the designation for ZIPs beginning with 090-098, AA for ZIP 340, and AP for ZIPs 962-966.

## Sec. 19. Major Problems Encountered

IRS/MCC encourages filers to verify the format and content of each type of record to ensure the accuracy of the data. This may eliminate the need for IRS/MCC to return files for replacement. This may be important for those payers who have either had their files prepared by a service bureau or who have purchased preprogrammed software packages.

**Filers who engage a service bureau to prepare media on their behalf should be careful not to report duplicate data which may generate penalty notices.**



The Major Problems Encountered lists some of the most frequently encountered problems with magnetic/electronic files submitted to IRS/MCC. These problems may result in media being returned for replacement. **Some of the problems resulted from not referring to the publication for instructions.**

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## 1. Incorrect Format

“READ” the Publication 1220 *carefully*.

☛ **NOTE:** Due to major format changes in the Tax Year 1998 Publication 1220, IRS/MCC strongly encourages transmitters, vendors, and filers to read the Revenue Procedure in its entirety. See problem examples below:

- **No Transmitter “T” Record** - These files began with Payer “A” Record. All files **must** begin with a Transmitter “T” Record
- **Incorrect year format** - In order to be Y2K compliant, any date field in the information transmitted that does not reflect the 4 position year in the date field will result in media being returned. Date fields having the year/month/day are 8 characters (YYYYMMDD). Also, if the month and/or day is one position, i.e.; January through September or 1 through 9 for the day of the month, precede the month and/or day with a zero. All date fields are numeric, therefore, blanks, alphas, or special characters are not acceptable.

**EXAMPLE:** January 2, 1999 (19990102)

- **Invalid record length** - Records not 750 Positions in length.
- **Multiple Files on diskettes** - Filers sending multiple files on diskettes. Please refer to Part B, Section 5. A file consists of one Transmitter “T” Record followed by a Payer “A” Record, Payee “B” Records, End of Payer “C” Record, State Totals “K” Record (if applicable for CF/SF Program), and the End of Transmission “F” Record. A file can contain multiple Payer “A” Records, but, only one Transmitter “T” Record.

IRS/MCC continues to receive prior year data in prior year format instead of current year format. Never send prior year data in prior year format. Be sure to use **the current revenue procedure (Publication 1220)** for formatting data for prior years.

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## 2. No Form 4804, Transmittal of Information Returns Reported Magnetically/Electronically

Each shipment of media sent to IRS/MCC must include a Form 4804. More than one type of media may be sent in the same shipment, (i.e., a tape, a diskette, or a tape cartridge) but must have a separate Form 4804 to accompany **each type of media**. In the following example, three separate Forms 4804 would be required in the total shipment. However, multiples of one type of media (i.e., 6 diskettes) may be covered by one Form 4804. For electronically transmitted information returns, the Form 4804 **must** be mailed or faxed to IRS/MCC the same day as the transmission. Often, electronic files are transmitted and no Form 4804 is sent to MCC. A Form 4804 must be mailed or faxed immediately after the submission.

### EXAMPLE:

A & B Company sends in the one shipment of the following magnetic media:

1 Magnetic Tape	=	1 Form 4804
2 Diskettes	=	1 Form 4804 covers both diskettes
3 Tape Cartridges	=	1 Form 4804 covers all three cartridges

Total Number of Forms 4804 for the above shipment = **3 Forms 4804**

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## 3. Discrepancy Between IRS/MCC Totals and Totals in Payer “C” Records

The “C” Record is a summary record for a type of return for a given payer as reported in the “B” Records. IRS balances the total number of payees and payment amounts and compares them with totals in the “C” Records. Filers should verify the accuracy of the records because imbalances may necessitate return of files for replacement.

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## 4. The Payment Amount Fields in the “B” Record Do Not Correspond to the Amount Codes in the “A” Record

If codes 2, 4, and 7 appear in the Amount Codes Field of the “A” Record, then the “B” Record must show payment amounts in only Payment Amount Fields 2, 4, and 7, right-justified and unused positions **must be** zero (0) filled.

EXAMPLE: “A” RECORD	<u>247</u> <u>b b b b b b b b b c b</u> (Pos. 28-39)	— (‘b’ denotes a blank)
“B” RECORD	<u>000000867599</u> (Pos. 67-78)	— (Payment Amount 2)
	<u>000000709097</u> (Pos. 91-102)	— (Payment Amount 4)
	<u>000000044985</u> (Pos. 127-138)	— (Payment Amount 7)

5. Blanks or Invalid Characters Appear in Payment Amount Fields in the “B” Record

Money amounts must be right-justified and zero (0) filled. **(Do not use blanks.)**

6. Incorrect TIN in Payer “A” Record

The Payer’s TIN reported in positions 12-20 of the “A” Record must be nine numeric characters (no alphas or special characters) in order for IRS/MCC to process the media. The TIN provided in the “A” Record must correspond with the name provided in the first payer name line.

7. Incorrect Tax Year in the Transmitter “T” Record, Payer “A” Record and the Payee “B” Record

The tax year in the transmitter, payer and payee records should reflect the year of the information being reported. Filers need to check their files to ensure this information is correct.

👉 **Note: Due to Year 2000 compliance changes, the year format has been expanded to four (4) positions.**

8. Incorrect Reporting of Form W-2 Information to IRS

Form W-2 information is submitted to SSA, and **not** to IRS/MCC. SSA has its own magnetic media reporting program and specifications for wage information, and the media containing Forms W-2 is submitted to SSA. **Any media received at IRS/MCC that contains Form W-2 information will be forwarded to SSA. The filer will be notified of this action by letter.** To inquire about filing Form W-2 information magnetically, call 1-800-SSA-6270.

9. Excessive Withholding Credits

Generally, for most information returns, other than Forms 1099-MISC, 1099-R, and W-2G, Federal withholding amounts should **not** exceed 31 percent of the income reported. Validate the total reported in the withholding field against the total income reported.

10. Incorrect Format for TINs in the Payee “B” Record

A check of “B” Records should be made to ensure the Taxpayer Identification Numbers (TINs) are formatted correctly. There should be nine numerics, **no alphas, hyphens, commas, or blanks.** Incorrect formatting of TINs may result in a penalty.

IRS/MCC contacts filers who have submitted payee data with missing TINs in an attempt to prevent errors that could result in penalties. Payers/transmitters who submit data with missing TINs, and have taken the required steps to obtain this information are encouraged to attach a letter of explanation to the required Form 4804. This will prevent unnecessary contact from IRS/MCC. This letter, however, will not prevent backup withholding notices (CP2100 and CP2100A) or penalties for missing or incorrect TINs. For penalty information, refer to the Penalty section of the “1999 Instructions for Forms 1099, 1098, 5498, and W-2G.”

## 11. Distribution Codes for Form 1099-R Reported Incorrectly

Distribution codes for Form 1099-R are being reported incorrectly or not being reported. See valid distribution codes for Form 1099-R in the Payee "B" Record layout, Field Positions 545-546.

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## 12. Incorrect Record Totals Listed on Form 4804

The Combined Total Payee Records listed on the Form 4804 (Block 9) are used in the verification process of information returns. The figure in this block should be the total number of Payee "B" Records contained on the media submitted with the Form 4804. The figures on the Form 4804 are compared against the total number of Payee "B" Records processed on the media. Imbalances may necessitate the return of the files for replacement.

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## 13. Invalid Use of IRA/SEP/SIMPLE Indicator (Form 1099-R)

The IRA/SEP/SIMPLE indicator for Form 1099-R should be used for the reporting of a distribution from a traditional IRA/SEP/SIMPLE or a Roth conversion. It may be used at your option for a distribution from a Roth or Ed IRA or for an IRA recharacterization. The total amount distributed from a traditional IRA/SEP/SIMPLE should be reported in Payment Amount Field A (IRA/SEP/SIMPLE Distribution) as well as Payment Amount Field 1. The amount reported in this payment amount field is the amount from Box 2a of Form 1099-R.

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## 14. Failure To Identify the Rollover Contributions and/or Fair Market Value of the Account for Form 5498.

Rollover contributions (Amount Code 2 of the "A" Record) and/or fair market value of the account (Amount Code 4 of the "A" Record) for Form 5498 must be identified as an IRA (position 547 of the "B" Record), SEP (position 548 of the "B" Record), SIMPLE (position 549 of the "B" Record), Roth IRA (position 550 of the "B" Record) Recharacterization (position 551 of the "B" Record), or Education IRA (position 552 of the "B" Record).

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## 15. Media Received Without Data

Transmitters/filers should verify the presence of Form 1099 information returns on the media before sending the shipment to IRS/MCC.

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# Part B. Magnetic Media Specifications

## Sec. 1. General

**.01** The specifications contained in this part of the revenue procedure define the required format and contents of the records to be included in the magnetic media/electronic file.

**.02** A provision is made in the "B" Records for entries which are optional. If the field is not utilized, enter blanks to maintain a fixed record length of 750 positions. Each field description explains the intended use of specific field positions.

**.03** Transmitters should be consistent in the use of recording codes and density on files. If the media does not meet these specifications, it will be returned to the transmitter for replacement. Filers are encouraged to submit a test prior to submitting the actual file. Contact IRS/MCC for further information at 304-263-8700.

## Sec. 2. Tape Specifications

**.01** IRS/MCC can process most magnetic tape files if the following specifications are followed:

(a) 9 track EBCDIC (Extended Binary Coded Decimal Interchange Code) with:

(1) Odd parity.

(2) A density of 1600 or 6250 BPI.

(3) If transmitters use UNISYS Series 1100, they must submit an interchange tape.

(b) 9 track ASCII (American Standard Coded Information Interchange) with:

(1) Odd parity.

(2) A density of 1600 or 6250 BPI.

Transmitters should be consistent in the use of recording codes and density on files.

**.02** All compatible tape files must have the following characteristics: Type of tape - ½-inch (12.7 mm) wide, computer-grade magnetic tape on reels of up to 2,400 feet (731.52 m) within the following specifications:

- (a) Tape thickness: 1.0 or 1.5 mils and
- (b) Reel diameter: 10 ½-inch (26.67 cm), 8 ½-inch (21.59 cm), 7-inch (17.78 cm), or 6-inch.
- .03 The tape records defined in this revenue procedure may be blocked subject to the following:
  - (a) A block **must not** exceed 32,250 tape positions.
  - (b) If the use of blocked records would result in a short block, all remaining positions of the block must be filled with 9s; however, the last block of the file may be filled with 9s or truncated. **Do not pad a block with blanks.**
  - (c) All records, except the header and trailer labels, may be blocked or unblocked.

A record may not contain any control fields or block descriptor fields which describe the length of the block or the logical records within the block. The number of logical records within a block (the blocking factor) must be constant in every block with the exception of the last block which may be shorter (see item (b) above). The block length must be evenly divisible by 750.

  - (d) Records may not span blocks.
- .04 Labeled or unlabeled tapes may be submitted.
- .05 For the purposes of this revenue procedure the following must be used:
 

Tape Mark:

  - (a) Signifies the physical end of the recording on tape.
  - (b) For even parity, use BCD configuration 001111 (8421).
  - (c) May follow the header label and precede and/or follow the trailer label.
- .06 IRS/MCC can only read one data file on a tape. A data file is a group of records which may or may not begin with a tapemark, but **must** end with a trailer label. Any data beyond the trailer label cannot be read by IRS programs.

### Sec. 3. Tape Cartridge Specifications

- .01 In most instances, IRS/MCC can process tape cartridges that meet the following specifications:
  - (a) Must be IBM 3480, 3490, 3490E, or AS400 compatible.
  - (b) Must meet American National Standard Institute (ANSI) standards, and have the following characteristics:
    - (1) Tape cartridges will be ½-inch tape contained in plastic cartridges which are approximately 4-inches by 5-inches by 1-inch in dimension.
    - (2) Magnetic tape will be chromium dioxide particle based ½-inch tape.
    - (3) Cartridges must be 18-track or 36-track parallel (See **Note**).
    - (4) Cartridges will contain 37,871 CPI or 75,742 CPI (characters per inch).
    - (5) Mode will be full function.
    - (6) The data may be compressed using EDRC (Memorex) or IDRC (IBM) compression.
    - (7) Either EBCDIC (Extended Binary Coded Decimal Interchange Code) or ASCII (American Standard Coded Information Interchange) may be used.
- .02 The tape cartridge records defined in this revenue procedure may be blocked subject to the following:
  - (a) A block **must not** exceed 32,250 tape positions.
  - (b) If the use of blocked records would result in a short block, all remaining positions of the block must be filled with 9s; however, the last block of the file may be filled with 9s or truncated. **Do not pad a block with blanks.**
  - (c) All records, except the header and trailer labels, may be blocked or unblocked. A record may not contain any control fields or block descriptor fields which describe the length of the block or the logical records within the block. The number of logical records within a block (the blocking factor) must be constant in every block with the exception of the last block which may be shorter [see item (b) above]. The block length must be evenly divisible by 750.
  - (d) Records may not span blocks.
- .03 Tape cartridges may be labeled or unlabeled.
- .04 For the purposes of this revenue procedure, the following must be used:
 

Tape Mark:

  - (a) Signifies the physical end of the recording on tape.
  - (b) For even parity, use BCD configuration 001111 (8421).
  - (c) May follow the header label and precede and/or follow the trailer label.

☞ **Note:** Filers should indicate on the external media label and transmittal Form 4804 whether the cartridge is 18-track or 36-track.

### Sec. 4. 8mm, 4mm, and Quarter Inch Cartridge Specifications

- .01 In most instances, IRS/MCC can process 8mm tape cartridges that meet the following specifications:
  - (a) Must meet American National Standard Institute (ANSI) standards, and have the following characteristics:

- (1) Created from an AS400 operating system only.
- (2) 8mm (.315-inch) tape cartridges will be 2 ½-inch by 3 ½-inch.
- (3) The 8mm tape cartridges must meet the following specifications:

Tracks	Density	Capacity
1	20 (43245 BPI)	2.5 Gb (10Gb)
1	21 (45434 BPI)	5 Gb (20Gb)

- (4) Mode will be full function.
- (5) Compressed data is not acceptable.
- (6) Either EBCDIC (Extended Binary Coded Decimal Interchange Code) or ASCII (American Standard Coded Information Interchange) may be used. However, IRS/MCC encourages the use of EBCDIC. This information must appear on the external media label affixed to the cartridge.
- (7) A file may consist of more than one cartridge; however, no more than 250,000 documents may be transmitted per file or per cartridge. The filename, for example; IRSTAX, will contain a three digit extension. The extension will indicate the sequence of the cartridge within the file (e.g., 1 of 3, 2 of 3, and 3 of 3 will appear in the header label as IRSTAX.001, IRSTAX.002, and IRSTAX.003 on each cartridge of the file.) The Transmitter "T" Record must only appear on the first cartridge. **The end of transmission "F" Record should be placed only on the last cartridge for files containing multiple cartridges.**

**.02** The 8mm (.315-inch) tape cartridge records defined in this revenue procedure may be blocked subject to the following:

- (a) A block **must not** exceed 32,250 tape positions.
- (b) If the use of blocked records would result in a short block, all remaining positions of the block must be filled with 9's; however, the last block of the file may be filled with 9's or truncated. **Do not pad a block with blanks.**
- (c) All records, except the header and trailer labels, may be blocked or unblocked. A record may not contain any control fields or block descriptor fields which describe the length of the block or the logical records within the block. The number of logical records within a block (the blocking factor) must be constant in every block with the exception of the last block which may be shorter [see item (b) above]. The block length must be evenly divisible by 750.
- (d) Various COPY commands have been successful; however, the **SAVE OBJECT COMMAND** is not acceptable.
- (e) Extraneous data following the "F" Record will result in media being returned for replacement.
- (f) Records may not span blocks.
- (g) No more than 250,000 documents per cartridge and per file.

**.03** For faster processing, IRS/MCC encourages transmitters to use header labeled cartridges. IRSTAX may be used as a suggested filename.

**.04** For the purposes of this revenue procedure, the following must be used:

Tape Mark:

- (a) Signifies the physical end of the recording on tape.
- (b) For even parity, use BCD configuration 001111 (8421).
- (c) May follow the header label and precede and/or follow the trailer label.

**.05** If extraneous data follows the End of Transmission "F" Record, the file will be returned for replacement. Therefore, IRS/MCC encourages transmitters to use blank tape cartridges, rather than cartridges previously used, in the preparation of data when submitting information returns.

**.06** IRS/MCC can only read one data file on a tape. A data file is a group of records which may or may not begin with a tapemark, but must end with a trailer label. Any data beyond the trailer label cannot be read by IRS programs.

**.07** 4mm (.157-inch) cassettes are now acceptable with the following specifications:

- (a) 4mm cassettes will be 2 ½-inch by 3-inch.
- (b) The tracks are 1 (one).
- (c) The density is 19 (61000 BPI).
- (d) The typical capacity is DDS (DAT data storage) at 1.3 Gb (60 meter) or 2 Gb (90 meter), or DDS-2 at 4Gb (120 meter).
- (e) The general specifications for 8mm cartridges will also apply to the 4mm cassettes.

**.08** Various Quarter Inch Cartridges (QIC) (¼-inch) are also acceptable.

- (a) QIC cartridges will be 4" by 6".
- (b) QIC cartridges must meet the following specifications:



Size	Tracks	Density	Capacity
QIC-24	8/9	5 (8000 BPI)	45Mb or 60Mb
QIC-120	15	15 (10000 BPI)	120Mb or 200Mb
QIC-150	18	16 (10000 BPI)	150Mb or 250Mb
QIC-525	26	17 (16000 BPI)	525Mb
QIC-1000	30	21 (36000 BPI)	1Gb
QIC-2Gb	42	34 (40640 BPI)	2Gb

(c) The general specifications that apply to 8mm cartridges will also apply to QIC cartridges.

## Sec. 5. 3 ½-Inch Diskette Specifications

*IRS/MCC has discontinued processing 5 ¼-inch diskettes. Filers must use other methods by which to submit information returns magnetically/electronically.*

**.01** To be compatible, a diskette file must meet the following specifications:

- (a) 3 ½-inches in diameter.
- (b) Data **must** be recorded in standard ASCII code.
- (c) Records must be a fixed length of 750 bytes per record.
- (d) Delimiter character commas (,) must not be used.
- (e) Positions 749 and 750 of each record have been reserved for use as carriage return/line feed (CR/LF) characters, if applicable.
- (f) Filename of IRSTAX must be used. Do not enter any other data in this field. If a file will consist of more than one diskette, the filename IRSTAX will contain a three-digit extension. This extension will indicate the sequence of the diskettes within the file. For example, if the file consists of three diskettes, the first diskette will be named IRSTAX.001, the second will be IRSTAX.002, and the third will be IRSTAX.003. The first diskette, IRSTAX.001 will begin with a "T" Record and the third diskette, IRSTAX.003 will have an "F" Record at the end of the file.
- (g) A diskette will not contain multiple files as defined in Part A, Section 17. A file may have only **ONE** Transmitter "T" Record.
- (h) Failure to comply with instructions will result in media being returned for replacement.
- (i) Diskettes must meet one of the following specifications:

Capacity	Tracks	Sides/Density	Sector Size
1.44 mb	96tpi	hd	512
1.44 mb	135tpi	hd	512
1.2 mb	96tpi	hd	512

**.02** IRS/MCC encourages transmitters to use blank or currently formatted diskettes when preparing files. If extraneous data follows the End of Transmission "F" Record, the file will be returned for replacement.

**.03** *IRS/MCC will **only** accept 3 ½-inch diskettes created using MS-DOS.*

☞ **Notes:** *IRS/MCC has discontinued processing 5 ¼-inch diskettes.*

*IRS no longer has the capability to process non-MS-DOS compatible diskettes.*

**3 ½-inch diskettes created on a System 36 or AS400 are not acceptable.**

**.04** Transmitters should check media for viruses before submitting it to IRS/MCC.

## Sec. 6. Transmitter "T" Record – General Field Descriptions

**.01** The Transmitter "T" Record identifies the entity transmitting the magnetic media/electronic file and contains information which is supplied on the Form 4804, Transmittal of Information Returns reported Magnetically/Electronically. The "T" Record has been created to facilitate current magnetic/electronic processing of information returns at IRS/MCC.

**.02** The Transmitter "T" Record is the first record on each file and is followed by a Payer "A" Record. See Part A, Sec. 17, Definition of Terms for the definition of file. A file will be returned to the transmitter for replacement if the "T" Record is not present. For transmitters with multiple diskettes, refer to Sec. 5. 3 ½-Inch Diskette Specifications.

**.03** No money or payment amounts are reported in the Transmitter "T" Record.

**.04** For all fields marked “**Required**”, the transmitter must provide the information described under Description and Remarks. For those fields not marked “**Required**”, a transmitter must allow for the field, but may be instructed to enter blanks or zeros in the indicated field positions and for the indicated length.

**.05 All records must be a fixed length of 750 positions.**

**.06** The Transmitter “T” Record must be followed by the Payer “A” Record, which must be followed with Payee “B” Records; however, the initial record on each file must be a Transmitter “T” Record.

**.07** All alpha characters entered in the “T” Record must be upper-case.

**.08** When transmitting information on magnetic media or electronically, the Transmitter “T” Record must precede the first Payer “A” Record and reflect the person actually transmitting the information to IRS/MCC.

Record Name: Transmitter “T” Record			
Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter “T.”
2–5	Payment Year	4	<b>Required.</b> Enter “1999” (unless reporting prior year data; report the year which applies [1997, 1998, etc.] and set the Prior Year Data Indicator in field position 6).
6	Prior Year Data Indicator	1	<b>Required.</b> Enter “P” <b>only</b> if reporting prior year data; otherwise, <b>enter blank.</b> <i>Do not enter a “P” if tax year is 1999.</i>
7–15	Transmitter’s TIN	9	<b>Required.</b> Enter the transmitter’s nine digit Tax Identification Number. May be an EIN, SSN or ITIN.
16–20	Transmitter Control Code	5	<b>Required.</b> Enter the five character alpha/numeric Transmitter Control Code (TCC) assigned by IRS/MCC. A TCC must be obtained to file data within this program.
21–22	Replacement Alpha Character	2	<b>Required for replacement files only.</b> Enter the alpha/numeric character which appears immediately following the TCC number on the Media Tracking Slip (Form 9267). The Form 9267 accompanies media that has been returned by IRS/MCC due to processing problems. This field must be blank unless media has been returned. If the file is being replaced magnetically, information is required in this field. If the file was originally sent magnetically, but the replacement is being sent electronically, the information is required in this field. Otherwise, leave blank for electronic files. Left justify information and fill unused positions with blanks. If this is not a replacement file, <b>enter blanks.</b>
23–27	Blank	5	<b>Enter blanks.</b>
28	Test File Indicator	1	<b>Required for test files only.</b> Enter “T” if this is a test file; otherwise, <b>enter a blank.</b>
29	Foreign Entity Indicator	1	Enter a “1” (one) if the transmitter is a foreign entity. If the transmitter is not a foreign entity, <b>enter a blank.</b>
30–69	Transmitter Name <i>(Used in course of business) This is not the person’s name unless it is the name of the business transmitting the file.</i>	40	<b>Required.</b> Enter the name of the transmitter in the manner in which it is used in normal business. Left justify and fill unused positions with blanks.

**Record Name: Transmitter "T" Record (Continued)**

Field Position	Field Title	Length	Description and Remarks
70–109	Transmitter Name (Continuation)	40	Enter any additional information that may be part of the name. Left justify information and fill unused positions with blanks.
<b>☛ NOTE: All the information "Required" in Field Positions 110 through 280 MUST contain the address where media, which IRS/MCC was unable to process, may be returned. Any correspondence relating to problem media or electronic files will also be sent to this address.</b>			
110–149	Company Name	40	<b>Required.</b> Enter the name of the company to be associated with the address where correspondence should be sent or media should be returned due to processing problems.
150–189	Company Name (Continuation)	40	Enter any additional information that may be part of the name of the company where correspondence should be sent or media should be returned due to processing problems.
190–229	Company Mailing Address	40	<b>Required.</b> Enter the mailing address where correspondence should be sent or media should be returned in the event IRS/MCC is unable to process.
230–269	Company City	40	<b>Required.</b> Enter the city, town, or post office where correspondence should be sent or media should be returned in the event IRS/MCC is unable to process.
270–271	Company State	2	<b>Required.</b> Enter the valid U. S. Postal Service state abbreviation. Refer to the chart of valid state codes in Part A, Sec.18.
272–280	Company ZIP Code	9	<b>Required.</b> Enter the valid nine digit ZIP Code assigned by the U. S. Postal Service. If only the first five digits are known, left justify information and fill unused positions with blanks
281–295	Blank	15	<b>Enter blanks.</b>
296–303	Total Number of Payees	8	<i>Enter the total number of Payee "B" Records reported in the file. Right justify information and fill unused positions with zeros.</i>
304–343	Contact Name	40	<b>Required.</b> Enter the name of the person to be contacted if IRS/MCC encounters problems with the file or transmission.
344–358	Contact's Phone Number & Extension	15	<b>Required.</b> Enter the telephone number of the person to contact regarding magnetic/electronic files. Omit hyphens. If no extension is available, left justify information and fill unused positions with blanks. For example, the IRS/MCC Call Site phone number of 304-263-8700 with an extension of 52345 would be 304263870052345.
359–360	Magnetic Tape File Indicator	2	<b>Required for magnetic tape/tape cartridge filers only.</b> Enter the letters "LS" (in uppercase only). Use of this field by filers using other types of media will be acceptable but is not required.
361–375	Electronic File Name For a Replacement File	15	<b>Required</b> for an incorrect original or correction electronic file for which a replacement is being sent. Enter the ORIGINAL or CORRECTION electronic file name assigned by the IRS electronic filing system.

**EXAMPLE: If you have sent an original file, the TCC is 44444 and it is your first original file, then the filename would be ORIG.44444.0001.**

If you are sending an original, correction or test file, then **enter blanks.**

## Record Name: Transmitter "T" Record (Continued)

Field Position	Field Title	Length	Description and Remarks
376-748	Blank	373	<b>Enter blanks.</b>
749-750	Blank	2	<b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.

### Sec. 7. Transmitter "T" Record - Record Layout

Record Type	Payment Year	Prior Year Data Indicator	Transmitter's TIN	Transmitter Control Code	Replacement Alpha Character	Blank
1	2-5	6	7-15	16-20	21-22	23-27

Test File Indicator	Foreign Entity Indicator	Transmitter Name	Transmitter Name (Continuation)	Company Name	Company Name (Continuation)
28	29	30-69	70-109	110-149	150-189

Company Mailing Address	Company City	Company State	Company ZIP Code	Blank	Total Number of Payees	Contact Name
190-229	230-269	270-271	272-280	281-295	296-303	304-343

Contact's Phone Number & Extension	Magnetic Tape File Indicator	Electronic File Name For a Replacement File	Blank	Blank or CR/LF
344-358	359-360	361-375	376-748	749-750

### Sec. 8. Payer "A" Record – General Field Descriptions

**.01** The Payer "A" Record identifies the institution or person making payments, a recipient of mortgage interest payments, a broker, a person reporting a real estate transaction, a barter exchange, a creditor, a trustee, or issuer of an IRA, SEP, or SIMPLE, or a lender who acquires an interest in secured property or who has reason to know that the property has been abandoned. The payer will be held responsible for the completeness, accuracy, and timely submission of magnetic/electronic files. The Payer "A" Record also provides parameters for the succeeding Payee "B" Records. IRS computer programs rely on the absolute relationship between the parameters and data fields in the "A" Record and the data fields in the "B" Records to which they apply.

**.02** The number of "A" Records depends on the number of payers and the different types of returns being reported. The payment amounts for one payer and for one type of return should be consolidated under one "A" Record if submitted on the same file.

**.03** Do not submit separate "A" Records for each payment amount being reported. For example, if a payer is filing Form 1099-DIV to report Amount Codes 1, 2, and 3, all three amount codes should be reported under one "A" Record, not three separate "A" Records. For "B" Records that do not contain payment amounts for all three amount codes, enter zeros for those which have no payment to be reported.

**.04** The second record on the file must be an "A" Record. A transmitter may include "B" Records for more than one payer on a tape or diskette. However, **each group** of "B" Records must be preceded by an "A" Record and followed by an End of Payer "C" Record. A single tape or diskette may contain different types of returns but the types of returns **must not** be intermingled. A separate "A" Record is required for each payer and each type of return being reported.

**.05 All records must be a fixed length of 750 positions.**

**.06** The initial record on a file must be a "T" Record followed by an "A" Record. IRS/MCC will accept an "A" Record after a "C" Record to report an additional payer or a different type of return. An "A" Record may be blocked with "B" Records.

**.07** Do not begin any record at the end of a block or diskette and continue the same record into the next block or diskette.

**.08** All alpha characters entered in the “A” Record must be upper-case.

**.09** When filing Form 1098, Mortgage Interest Statement, Form 1098-E, Student Loan Interest Statement, and Form 1098-T, Tuition Payments Statement, the “A” Record will reflect the name of the recipient of the interest referred to as the payer in these instructions. The “B” Record will reflect the individual paying the interest (borrower/payer of record) and the amount paid.

**.10** For all fields marked “**Required**”, the transmitter must provide the information described under Description and Remarks. For those fields not marked “**Required**”, a transmitter must allow for the field, but may be instructed to enter blanks or zeros in the indicated media position(s) and for the indicated length.

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**Record Name: Payer “A” Record**

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Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter “A.”
2–5	Payment Year	4	<b>Required.</b> Enter “1999” (unless reporting prior year data; report the year which applies [1997, 1998, etc.]).
6–11	Blank	6	<b>Enter blanks.</b>
12–20	Payer’s Taxpayer Identification Number (TIN)	9	<b>Required.</b> Must be the valid nine-digit Taxpayer Identification Number assigned to the payer. <b>Do not enter blanks, hyphens, or alpha characters.</b> All zeros, ones, twos, etc., will have the effect of an incorrect TIN.

☛ **Note:** For foreign entities that are not required to have a TIN, this field must be blank. However, the Foreign Entity Indicator, position 52 of the “A” Record, must be set to “1” (one).

21–24	Payer Name Control	4	<p>The Payer Name Control can be obtained only from the mail label on the Package 1099 that is mailed to most payers each December. To distinguish between Package 1099 and the Magnetic Media Reporting (MMR) Package, the Package 1099 contains <i>Form 7018-C, Order Blank for Forms</i>, and the mail label on the package contains a four (4) character name control. The MMR Package contains instructions for filing magnetically or electronically.</p> <p><i>For a business, use the first four significant characters of the business name. Disregard the word “the” when it is the first word of the name, unless there are only two words in the name. A dash (–) and an ampersand (&amp;) are the only acceptable special characters.</i></p> <p>The mail label on the MMR Package <b>does not</b> contain a name control. Names of less than four (4) characters should be left justified, filling the unused positions with blanks. If a Package 1099 has not been received or the Payer Name Control is unknown, this field must be blank filled.</p>
25	Last Filing Indicator	1	Enter a “1” (one) if this is the last year the payer will file; otherwise, <b>enter blank</b> . Use this indicator if the payer will not be filing information returns under this payer name and TIN in the future either magnetically, electronically, or on paper.
26	Combined Federal/State Filer	1	<b>Required for the Combined Federal/State Filing Program.</b> Enter “1” (one) if participating in the Combined Federal/State Filing Program; otherwise, <b>enter blank</b> . Refer to Part A, Sec. 16, for further information. <b>The only forms that may be filed under the Combined Federal /State Filing Program are: Forms 1099-DIV, 1099-G, 1099-INT, 1099-MISC, 1099-OID, 1099-PATR, 1099-R, and 5498.</b>

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**Record Name: Payer "A" Record (Continued)**

Field Position	Field Title	Length	Description and Remarks																																								
27	Type of Return	1	<p><b>Required.</b> Enter the appropriate code from the table below:</p> <table><tr><th>Type of Return</th><th>Code</th></tr><tr><td>1098</td><td>3</td></tr><tr><td>1098-E</td><td>2</td></tr><tr><td>1098-T</td><td>8</td></tr><tr><td>1099-A</td><td>4</td></tr><tr><td>1099-B</td><td>B</td></tr><tr><td>1099-C</td><td>5</td></tr><tr><td>1099-DIV</td><td>1</td></tr><tr><td>1099-G</td><td>F</td></tr><tr><td>1099-INT</td><td>6</td></tr><tr><td>1099-LTC</td><td>T</td></tr><tr><td>1099-MISC</td><td>A</td></tr><tr><td>1099-MSA</td><td>M</td></tr><tr><td>1099-OID</td><td>D</td></tr><tr><td>1099-PATR</td><td>7</td></tr><tr><td>1099-R</td><td>9</td></tr><tr><td>1099-S</td><td>S</td></tr><tr><td>5498</td><td>L</td></tr><tr><td>5498-MSA</td><td>K</td></tr><tr><td>W-2G</td><td>W</td></tr></table>	Type of Return	Code	1098	3	1098-E	2	1098-T	8	1099-A	4	1099-B	B	1099-C	5	1099-DIV	1	1099-G	F	1099-INT	6	1099-LTC	T	1099-MISC	A	1099-MSA	M	1099-OID	D	1099-PATR	7	1099-R	9	1099-S	S	5498	L	5498-MSA	K	W-2G	W
Type of Return	Code																																										
1098	3																																										
1098-E	2																																										
1098-T	8																																										
1099-A	4																																										
1099-B	B																																										
1099-C	5																																										
1099-DIV	1																																										
1099-G	F																																										
1099-INT	6																																										
1099-LTC	T																																										
1099-MISC	A																																										
1099-MSA	M																																										
1099-OID	D																																										
1099-PATR	7																																										
1099-R	9																																										
1099-S	S																																										
5498	L																																										
5498-MSA	K																																										
W-2G	W																																										
28–39	Amount Codes (See <b>Note</b> )	12	<p><b>Required.</b> Enter the appropriate amount codes for the type of return being reported. Generally, for each amount code entered in this field, a corresponding payment amount <b>must</b> appear in the Payee “B” Record.</p> <p><b>In most cases, the box numbers on paper information returns correspond with the amount codes used to file magnetically/electronically. However, if discrepancies occur, this revenue procedure governs.</b></p> <p><b>The Amount Codes have been expanded from nine to twelve codes to accommodate three additional payment fields in the Payee “B” Record. Amount Codes 1 through 9 will remain numeric. Amount Codes 10, 11, and 12 will be A, B, and C, respectively.</b></p>																																								

**Example of Amount Codes:**

If position 27 of the Payer "A" Record is "A" (for 1099-MISC) and positions 28-39 are "1247AC**bbbbbb**", this indicates the payer is reporting any or all six payment amounts (1247AC) in all of the following "B" Records. (**In this example, "b" denotes blanks in the designated positions. Do not enter the letter "b".**)

**The first payment amount field (1) will represent rents;**  
**the second payment amount field (2) will represent royalties;**  
**the third payment amount field (3) will be all "0" (zeros);**  
**the fourth payment amount field (4) will represent Federal income tax withheld;**  
**the fifth and sixth payment amount fields (5 and 6) will be all "0" (zeros);**  
**the seventh payment amount field (7) will represent nonemployee compensation;**  
**the eighth and ninth payment amount fields (8 and 9) will be all "0" (zeros);**  
**the tenth payment amount field (A) will represent crop insurance proceeds;**  
**the eleventh payment amount field (B) will be all "0" (zeros); and**  
**the twelfth payment amount field (C) will represent gross proceeds paid to an attorney in connection with legal services.**

**Record Name: Payer "A" Record, Field Positions 28-39 (Continued)**

Field Position	Field Title	Length	Description and Remarks
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Enter the amount codes in **ascending sequence** (i.e., 1247ACb b b b b), left justify information, and fill unused positions with blanks. For further clarification of the amount codes, contact IRS/MCC. **(In this example, "b" denotes blanks in the designated positions. Do not enter the letter "b.")**

☛ **Note:** A type of return and an amount code must be present in every Payer "A" Record even if no money amounts are being reported. For a detailed explanation of the information to be reported in each amount code, refer to the 1999 "Instructions for Forms 1099, 1098, 5498, and W-2G."

Amount Codes **Form 1098 -** For Reporting Mortgage Interest Received From Payers/Borrowers (Payer of Record) on Form 1098:  
Mortgage Interest  
Statement

<i>Amount</i>	
<i>Code</i>	<i>Amount Type</i>
1	Mortgage interest received from payer(s)/borrower(s)
2	Points paid on purchase of principal residence
3	Refund (or credit) of overpaid interest
4	Blank (Filer's use) See <b>Note</b> .

☛ **Note:** The interest recipient may use this box to furnish other information, such as real estate taxes or insurance paid from escrow.

Amount Codes **Form 1098-E -** For Reporting Interest on Student Loans on Form 1098-E  
Student Loan Interest  
Statement

<i>Amount</i>	
<i>Code</i>	<i>Amount Type</i>
1	Student loan interest received

☛ **Note:** Until regulations are adopted, no penalties will be imposed under section 6721 or 6722 for failure to file or furnish correct Forms 1098-E if you made a good faith effort to file and furnish them.

Amount Codes **Form 1098-T -** For Reporting Tuition Payments on Form 1098-T (See **Note**.)  
Tuition Payments  
Statement

<i>Amount</i>	
<i>Code</i>	<i>Amount Type</i>
1	For filer's use (See <b>Notes</b> .)
2	For filer's use (See <b>Notes</b> .)

☛ **Note:** When reporting Form 1098-T magnetically/electronically, the filer must use Type of Return Code 8 in position 27, and Amount Codes 1 and 2 in positions 28 and 29 of the Payer "A" Record. However, if no money is being reported, the payment amount fields will contain zeros. There is no requirement for filers to report money amounts on Form 1098-T for Tax Year 1999.

**PAYER:** For Form 1098-T, payer refers to the eligible educational institution that received qualified tuition and related expenses in 1999. The payer is not the student or the parent/guardian of the student.

☛ **Note:** Until regulations are adopted, no penalties will be imposed under section 6721 or 6722 for failure to file or furnish correct Forms 1098-T if you made a good faith effort to file and furnish them.

Amount Codes **Form 1099-A -** For Reporting the Acquisition or Abandonment of Secured Property on  
Acquisition or Abandonment Form 1099-A:  
of Secured Property

<i>Amount</i>	
<i>Code</i>	<i>Amount Type</i>
2	Balance of principal outstanding
4	Fair market value of property

(See **Note**.)

**Record Name: Payer "A" Record, Field Positions 28-39 (Continued)**

Field Position	Field Title	Length	Description and Remarks
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☛ **Note:** If, in the same calendar year, a debt is canceled in connection with the acquisition or abandonment of secured property for one debtor and the filer would be required to file both Forms 1099-A and 1099-C (Cancellation of Debt), the filer is required to file Form 1099-C only. See the 1999 "Instructions for Forms 1099, 1098, 5498, and W-2G" for further information on coordination with Form 1099-C.

Amount Codes **Form 1099-B**

For Reporting on Form 1099-B:

Proceeds From

Broker and

Barter Exchange

Transactions

*Amount*

*Code*

*Amount Type*

2	Stocks, bonds, etc. (For forward contracts, see <b>Note 1</b> .)
3	Bartering (Do not report negative amounts.)
4	Federal income tax withheld (backup withholding) (Do not report negative amounts.)
6	Profit (or loss) realized in 1999 (See <b>Note 2</b> .)
7	Unrealized profit (or loss) on open contracts-12/31/98 (See <b>Note 2</b> .)
8	Unrealized profit (or loss) on open contracts-12/31/99 (See <b>Note 2</b> .)
9	Aggregate profit (or loss) (See <b>Note 2</b> .)

☛ **Note 1:** The payment amount field associated with Amount Code 2 may be used to report a loss from a closing transaction on a forward contract. Refer to the "B" Record - General Field Descriptions, Payment Amount Fields, for instructions on reporting negative amounts.

☛ **Note 2:** Payment Amount Fields 6, 7, 8, and 9 are to be used for the reporting of regulated futures or foreign currency contracts.

Amount Codes **Form 1099-C -**

For Reporting Cancellation of Debt on Form 1099-C:

Cancellation of Debt

(See **Note 1**.)

*Amount*

*Code*

*Amount Type*

2	Amount of debt canceled
3	Interest, if included in Amount Code 2
7	Fair market value of property (See <b>Note 2</b> .)

☛ **Note 1:** If, in the same calendar year, a debt is canceled in connection with the acquisition or abandonment of secured property for one debtor and the filer would be required to file both Forms 1099-C and 1099-A (Acquisition or Abandonment of Secured Property), the filer is required to file Form 1099-C only. See the 1999 "Instructions for Forms 1099, 1098, 5498, and W-2G" for further information on coordination with Form 1099-A.

☛ **Note 2:** Amount Code 7 will be used only if a combined Form 1099-A and 1099-C is being filed.

Amount Codes **Form 1099-DIV -**

For Reporting Payments on Form 1099-DIV:

Dividends and Distributions

See the 1999 "Instructions for Forms 1099, 1098, 5498 and W-2G" for further information on Form 1099-DIV.

*Amount*

*Code*

*Amount Type*

1	Ordinary dividends
2	Total capital gains distributions
3	28% rate gain
4	Unrecaptured section 1250 gain
5	Section 1202 gain
6	Nontaxable distributions

**Record Name: Payer "A" Record, Field Positions 28-39 (Continued)**

Field Position	Field Title	Length	Description and Remarks
		7	Federal income tax withheld (backup withholding)
		8	Investment expenses
		9	Foreign tax paid
		A	Cash liquidation distribution (See <b>Note.</b> )
		B	Noncash liquidation distribution (See <b>Note.</b> )

**Note:** Amount Codes A and B apply only to corporations in partial or complete liquidation. Amount Codes A and B reflect information in Boxes 8 and 9 on the Form 1099-DIV.

Amount Codes **Form 1099-G -**  
Certain Government and Qualified  
State Tuition Program Payments

For Reporting Payments on Form 1099-G:

<i>Amount Code</i>	<i>Amount Type</i>
1	Unemployment compensation
2	State or local income tax refunds, credits, or offsets
4	Federal income tax withheld (backup withholding or voluntary withholding on unemployment compensation or Commodity Credit Corporation Loans, or certain crop disaster payments)
5	<i>Qualified state tuition program earnings</i>
6	Taxable grants
7	Agriculture payments

Amount Codes **Form 1099-INT -**  
Interest Income

For Reporting Payments on Form 1099-INT:

<i>Amount Code</i>	<i>Amount Type</i>
1	Interest income not included in Amount Code 3
2	Early withdrawal penalty
3	Interest on U.S. Savings Bonds and Treasury obligations
4	Federal income tax withheld (backup withholding)
5	<i>Investment expenses</i>
6	<i>Foreign tax paid</i>

Amount Codes **Form 1099-LTC-**  
Long-Term Care and  
Accelerated Death Benefits

For Reporting Payments on Form 1099-LTC:

<i>Amount Code</i>	<i>Amount Type</i>
1	Gross long-term care benefits paid
2	Accelerated death benefits paid

Amount Codes **Form 1099-MISC -**  
Miscellaneous Income  
(See **Note 1.**)

For Reporting Payments on Form 1099-MISC:

<i>Amount Code</i>	<i>Amount Type</i>
1	Rents
2	Royalties (See <b>Note 2.</b> )
3	Other income
4	Federal income tax withheld (backup withholding or withholding on payments of Indian gaming profits)
5	Fishing boat proceeds
6	Medical and health care payments
7	Nonemployee compensation

**Record Name: Payer "A" Record, Field Positions 28-39 (Continued)**

Field Position	Field Title	Length	Description and Remarks
		8	Substitute payments in lieu of dividends or interest
		A	Crop insurance proceeds
		B	Excess golden parachute payments
		C	Gross proceeds paid to an attorney in connection with legal services

☛ **Note 1:** If reporting the Direct Sales Indicator only in position 547 of the Payee "B" Record, use Type of Return Code A for 1099-MISC in position 27, and Amount Code 1 in position 28 of the Payer "A" record. All payment amount fields in the Payee "B" record will contain zeros.

☛ **Note 2:** Do not report timber royalties under a "pay-as-cut" contract; these must be reported on Form 1099-S.

Amount Codes **Form 1099-MSA -**  
Distributions From an MSA or  
Medicare+Choice MSA

For Reporting Distributions from a Medical Savings Account or  
Medicare+Choice MSA on Form 1099-MSA:

**Amount**

<b>Code</b>	<b>Amount Type</b>
1	Gross distribution
2	Earnings on excess contributions
4	Fair market value of the account on date of death

Amount Codes **Form 1099-OID -**  
Original Issue Discount

For Reporting Payments on Form 1099-OID:

**Amount**

<b>Code</b>	<b>Amount Type</b>
1	Original issue discount for 1999
2	Other periodic interest
3	Early withdrawal penalty
4	Federal income tax withheld (backup withholding)
6	Original issue discount on U.S. Treasury obligations (See Note.)
7	Investment expenses (See Note.)

☛ **Note:** See the 1999 "Instructions for Forms 1099, 1098, 5498 and W-2G" for further reporting information.

Amount Codes **Form 1099-PATR -**  
Taxable Distributions Received From  
Cooperatives

For Reporting Payments on Form 1099-PATR:

**Amount**

<b>Code</b>	<b>Amount Type</b>
1	Patronage dividends
2	Nonpatronage distributions
3	Per-unit retain allocations
4	Federal income tax withheld (backup withholding)
5	Redemption of nonqualified notices and retain allocations
<b>Pass-Through Credits (See Note.)</b>	
6	For filers use for pass-through credits
7	Investment credit
8	Work opportunity credit
9	Patron's alternative minimum tax (AMT) adjustment

☛ **Note:** Amount Codes 6, 7, 8, and 9 are reserved for the patron's share of unused credits that the cooperative is passing through to the patron. Other credits, such as the Indian employment credit may be reported in Amount Code 6. The title of the credit reported in Amount Code 6 may be reported in the Special Data Entries Field in the Payee "B" Record. The



**Record Name: Payer “A” Record, Field Positions 28-39 (Continued)**

Field Position	Field Title	Length	Description and Remarks
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**amounts shown for Amount Codes 6, 7, 8, and 9 must be reported to the payee. These Amount Codes and the Special Data Entries Field are for the convenience of the filer. This information is not needed by IRS/MCC.**

**Amount Codes Form 1099-R -**

For Reporting Payments on Form 1099-R:

Distributions From

Pensions, Annuities,

Retirement or Profit-

Sharing Plans, IRAs,

Insurance Contracts, etc.

**Amount**

**Code**

**Amount Type**

1

Gross distribution (See **Note 1.**)

2

Taxable amount (See **Note 2.**)

3

Capital gain (included in Amount Code 2)

4

Federal income tax withheld (See **Note 3.**)

5

Employee contributions or insurance premiums

6

Net unrealized appreciation in employer’s securities

8

Other

9

Total employee contributions

A

Traditional IRA/SEP/SIMPLE distribution (See **Note 4.**)

☛ **Note 1:** If the payment shown for Amount Code 1 is a total distribution, enter a “1” (one) in position 549 of the “B” Record. An amount must be shown in Payment Amount Field 1 unless reporting an amount ONLY in Payment Amount Field 8. If a distribution is a loss, do not enter a negative amount. For example, if stock is distributed but the value is less than the employee’s after-tax contributions, enter the value of the stock in Payment Amount Field 1, enter “0” (zero) in Payment Amount Field 2, and enter the employee’s contributions in Payment Amount Field 5.

☛ **Note 2:** If the taxable amount cannot be determined, enter a “1” (one) in position 547 of the “B” Record. For a traditional IRA, SEP, or SIMPLE distribution, generally enter in Payment Amount Field A the same amount entered in Payment Amount Field 1.

☛ **Note 3:** See the “1999 Instructions for Forms 1099, 1098, 5498, and W-2G” for information concerning Federal income tax withheld for Form 1099-R.

☛ **Note 4:** For Form 1099-R, report the total amount distributed from a Traditional IRA, SEP, or SIMPLE in Payment Amount Field A (IRA/SEP/SIMPLE Distribution), Field Positions 163-174 of the Payee “B” Record, and generally, the same amount in Payment Amount Field 1 (Gross Distribution), Field Positions 55-66 of the Payee “B” Record. *Amount Code A was created to identify the distribution as a Traditional IRA/SEP/SIMPLE. The IRA/SEP/SIMPLE Indicator should be set in Field Position 548 of the Payee “B” Record and the money should be reported in Payment Field A as well as Payment Field 1 of the Payee “B” Record; but, not in Payment Amount Field 2. The purpose for Payment Field A is to identify the amount of money reported is a Traditional IRA/SEP/SIMPLE distribution. Refer to the “1999 Instructions for Forms 1099, 1098, 5498, and W-2G” for exceptions.*

**Amount Codes Form 1099-S -**

For Reporting Payments on Form 1099-S:

Proceeds From

Real Estate

Transactions

**Amount**

**Code**

**Amount Type**

2

Gross proceeds (See **Note.**)

5

Buyer’s part of real estate tax

☛ **Note:** Include payments of timber royalties made under a “pay-as-cut” contract, reportable under section 6050N. If timber royalties are being reported, enter “TIMBER” in the description field of the “B” record.

**Record Name: Payer "A" Record, Field Positions 28-39 (Continued)**

Field Position	Field Title	Length	Description and Remarks
Amount Codes	<b>Form 5498 -</b>		For Reporting Information on Form 5498:
IRA Contribution Information			
(See <b>Note 1.</b> )			
	<i>Amount Code</i>		<i>Amount Type</i>
	1		IRA contributions (other than amounts in Amount Codes 2, 3, and 7, 8, 9, and A) ( <i>See Note 2.</i> )
	2		Rollover contributions
	3		Roth conversion amount
	4		Fair market value of account
	5		Life insurance cost included in Amount Code 1
	7		Employer SEP contributions
	8		SIMPLE contributions
	9		Roth IRA contributions
	A		Education IRA contributions

☛ **Note 1:** For information regarding Inherited IRAs, refer to the 1999 "Instructions for Forms 1099, 1098, 5498, and W-2G" and Rev. Proc. 89-52, 1989-2 C.B. 632. Beneficiary information must be given in the Payee Name Line Field of the "B" Record.

If reporting IRA contributions for a Desert Storm/Shield participant for other than 1999 or an Operation Joint Guard (OJG) (Bosnia Region) or *Operation Allied Force (Yugoslavia)* participant, enter "DS" for Desert Storm or Joint Endeavor or "JG" for Joint Guard, the year for which the contribution was made, and the amount of the contribution in the Special Data Entries Field of the "B" Record. Do not enter the contributions in Amount Code 1. For information concerning Desert Storm/Shield participant reporting, refer to the "1994 Instructions for Forms 1099, 1098, 5498, and W-2G," or Notice 91-17, 1991-1 C.B. 319. The instructions for filing Form 5498 for Desert Storm/Shield participants will also apply to participants of Joint Endeavor or Operation Joint Guard (OJG) (Bosnia Region) and *Operation Allied Force (Yugoslavia)*.

☛ **Note 2:** Also include employee contributions to an IRA under a SEP plan but not salary reduction contributions. DO NOT include EMPLOYER contributions, these are included in Amount Code 7.

Amount Codes	<b>Form 5498-MSA</b>		For Reporting Information on 5498-MSA:
MSA or Medicare+Choice MSA			
Information			
	<i>Amount Code</i>		<i>Amount Type</i>
	1		Employee or self-employed person's MSA contributions made in 1999 and 2000 for 1999
	2		Total MSA contributions made in 1999 ( <i>this would include any contributions made in 1999 for 1998. Optional for M+C MSA.</i> )
	3		Total MSA contributions made in 2000 for 1999
	4		Rollover contributions ( <i>See Note 1.</i> )
	5		Fair market value of MSA or M+C MSA ( <i>See Note 2.</i> )

☛ **Note 1:** This is the amount of any rollover made to this MSA in 1999 after a distribution from another MSA. For detailed information on reporting, see the 1999 "Instructions for Forms 1099, 1098, 5498 and W-2G."

☛ **Note 2:** This is the fair market value (FMV) of the account on December 31, 1999.

Amount Codes	<b>Form W-2G -</b>		For Reporting Payments on Form W-2G:
Certain Gambling			
Winnings			
	<i>Amount Code</i>		<i>Amount Type</i>
	1		Gross winnings
	2		Federal income tax withheld
	7		Winnings from identical wagers

**Record Name: Payer “A” Record, Field Positions 28-39 (Continued)**

Field Position	Field Title	Length	Description and Remarks
40–47	Blank	8	<b>Enter blanks.</b>
48	Original File Indicator	1	<b>Required for original files only.</b> Enter “1” (one) if the information is original data. Otherwise, <b>enter a blank.</b>
49	Replacement File Indicator	1	<b>Required for replacement files only.</b> Enter “1” (one) if the purpose of this file is to replace a file that IRS/MCC returned to the transmitter due to errors encountered in processing. This is a file that has not been successfully processed by IRS. Otherwise, <b>enter a blank.</b>

*If selecting the Replacement File Indicator in Position 49, Field Positions 48 and 50 must be blank. **Only one** indicator may be selected for each Payer “A” Record.*

50	Correction File Indicator	1	<b>Required for correction files only.</b> Enter “1” (one) if the purpose of this file is to correct information which was previously submitted to IRS/MCC, was processed, but contained erroneous information. Do not submit original information as corrections. Any information return which was inadvertently omitted from a file must be submitted as original. Otherwise, <b>enter a blank.</b>
51	Blank	1	<b>Enter a blank.</b>
52	Foreign Entity Indicator	1	Enter a “1” (one) if the payer is a foreign entity and income is paid by the foreign entity to a U. S. resident. If the payer is not a foreign entity, <b>enter a blank</b> (See Note.).

☛ **Note:** If payers report the Foreign Entity Indicator erroneously, they may be subject to a penalty for providing incorrect information to IRS.

53–92	First Payer Name Line	40	<b>Required.</b> Enter the name of the payer whose TIN appears in positions 12-20 of the “A” Record. Any extraneous information must be deleted. Left justify information, and fill unused positions with blanks. (Filers should not enter a transfer agent’s name in this field. Any transfer agent’s name should appear in the Second Payer Name Line Field.)
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☛ **Note:** When reporting Form 1098, Mortgage Interest Statement, and Form 1098-E, Student Loan Interest Statement, the “A” Record will reflect the name and TIN of the recipient of the interest or payment, the filer of Forms 1098 and 1098-E (the payer). The “B” Record will reflect the individual paying the interest (the borrower/payer of record) and the amount paid. For Form 1099-S, the “A” Record will reflect the person responsible for reporting the transaction (the filer of the Form 1099-S) and the “B” Record will reflect the seller/transferor. When reporting Form 1098-T, Tuition Payments Statement, the “A” Record will reflect the name and TIN of the educational institution receiving tuition payments. The “B” Record will reflect the name and TIN of the student on whose behalf the tuition is being paid.

93–132	Second Payer Name Line	40	If the Transfer (or Paying) Agent Indicator (position 133) contains a “1” (one), this field must contain the name of the transfer (or paying) agent. If the indicator contains a “0” (zero), this field may contain either a continuation of the First Payer Name Line or blanks. Left justify information and fill unused positions with blanks.
133	Transfer Agent Indicator	1	<b>Required.</b> Identifies the entity in the Second Payer Name Line Field. (See Part A, Sec. 17 for a definition of transfer agent.)

**Record Name: Payer “A” Record, Field Positions 28-39 (Continued)**

Field Position	Field Title	Length	Description and Remarks
			<p><b>Code</b>      <b>Meaning</b></p> <p>1              The entity in the Second Payer Name Line Field is the transfer (or paying) agent.</p> <p>0 (zero)      The entity shown is <b>not</b> the transfer (or paying) agent (i.e., the Second Payer Name Line Field contains either a continuation of the First Payer Name Line Field or blanks).</p>
134–173	Payer Shipping Address	40	<b>Required.</b> If the Transfer Agent Indicator in position 133 is a “1” (one), enter the shipping address of the transfer (or paying) agent. Otherwise, enter the <b>actual</b> shipping address of the payer. The street address should include number, street, apartment or suite number (or P. O. Box if mail is not delivered to street address). Left justify information, and fill unused positions with blanks.
<p><b>For U.S. addresses,</b> the payer city, state, and ZIP Code must be reported as a 40, 2, and 9 position field, respectively. <b>Filers must adhere to the correct format for the payer city, state, and ZIP Code.</b></p> <p><b>For foreign addresses,</b> filers may use the payer city, state, and ZIP Code as a continuous 51 position field. Enter information in the following order: city, province or state, postal code, and the name of the country. When reporting a foreign address, the Foreign Entity Indicator in position 52 must contain a “1” (one).</p>			
174–213	Payer City	40	<b>Required.</b> If the Transfer Agent Indicator in position 133 is a “1” (one), enter the city, town, or post office of the transfer agent. Otherwise, enter the city, town, or post office of the payer. Left justify information, and fill unused positions with blanks. Do not enter state and ZIP Code information in this field.
214–215	Payer State	2	<b>Required.</b> Enter the valid U.S. Postal Service state abbreviations. Refer to the chart of valid state abbreviations in Part A, Sec.18.
216–224	Payer ZIP Code	9	<b>Required.</b> Enter the valid nine digit ZIP Code assigned by the U.S. Postal Service. If only the first five digits are known, left justify information and fill the unused positions with blanks. For foreign countries, alpha characters are acceptable as long as the filer has entered a “1” (one) in the Foreign Entity Indicator, located in Field Position 52 of the “A” Record.
225–239	Payer’s Phone Number & Extension	15	Enter the payer’s phone number and extension.
240–748	Blank	509	<b>Enter blanks.</b>
749–750	Blank	2	<b>Enter blanks</b> or carriage return/line feed (CR/LF) characters.

**Sec. 9. Payer “A” Record - Record Layout**

Record Type	Payment Year	Blank	Payer’s TIN	Payer Name Control	Last Filing Indicator
1	2–5	6–11	12–20	21–24	25

Combined Federal/State Filer	Type of Return	Amount Codes	Blank	Original File Indicator	Replacement File Indicator	Correction File Indicator
26	27	28–39	40–47	48	49	50
Blank	Foreign Entity Indicator	First Payer Name Line	Second Payer Name Line	Transfer Agent Indicator	Payer Shipping Address	
51	52	53–92	93–132	133	134–173	
Payer City	Payer State	Payer ZIP Code	Payer’s Phone Number and Extension	Blank	Blank or CR/LF	
174-213	214-215	216-224	225-239	240-748	749-750	

## Sec. 10. Payee "B" Record - General Field Descriptions and Record Layouts

**•01** The “B” Record contains the payment information from the information returns. When filing information returns, the format for the “B” Records will remain constant and is a fixed length of 750 positions. The record layout for field positions 1 through 543 is the same for all types of returns. Field positions 544 through 750 vary for each type of return to accommodate special fields for individual forms. In the “A” Record, the amount codes that appear in field positions 28 through 39 will be left-justified and filled with blanks. In the “B” Record, the filer **must** allow for all twelve Payment Amount Fields. For those fields not used, enter “0” (zero). For example, a payer reporting on Form 1099-MISC should enter “A” in field position 27 of the “A” Record, Type of Return. If reporting payments for Amount Codes 1, 2, 4, 7, A and C, the payer would report field positions 28 through 39 of the “A” Record as “1247ACb0b0b0b0.” (In this example, “b” denotes blanks. Do not enter the letter “b”). In the “B” Record:

**Positions 55 through 66 for Payment Amount 1** will represent rents.

**Positions 67-78 for Payment Amount 2 will represent royalties.**

**Positions 79-90 for Payment Amount 3 will be “0” (zeros).**

**Positions 91-102 for Payment Amount 4** will represent Federal income tax withheld.

**Positions 103-126 for Payment Amounts 5 and 6 will be “0” (zeros).**

**Positions 127-138 for Payment Amount 7** will represent nonemployee compensation.

**Positions 139-162 for Payment Amounts 8 and 9 will be “0” (zeros).**

**Positions 163-174 for Payment Amount A** will represent crop insurance proceeds.

**Positions 175-186 for Payment Amount B will be “0” (zeros).**

**Positions 187-198 for Payment Amount C** will represent gross proceeds paid to an attorney in connection with legal services.

**.02** The following specifications include a field in the payee records called “Name Control” in which the first four characters of the payee’s surname are to be entered by the filer;

(a) If filers are unable to determine the first four characters of the surname, the Name Control Field may be left blank. Compliance with the following will facilitate IRS computer programs in identifying the correct name control:

(1) The surname of the payee whose TIN is shown in the “B” Record should always appear first. If, however, the records have been developed using the first name first, the filer must leave a blank space between the first and last names.

(2) In the case of multiple payees, only the surname of the payee whose TIN (SSN, EIN, ITIN, or ATIN) is shown in the “B” Record must be present in the First Payee Name Line. Surnames of any other payees may be entered in the Second Payee Name Line.

**.03** See Part A, Sec. 14, for further information concerning Taxpayer Identification Numbers (TINs).

**.04** For all fields marked “**Required**”, the transmitter must provide the information described under Description and Remarks. For those fields not marked “**Required**”, the transmitter must allow for the field, but may be instructed to enter blanks or zeros in the indicated field position(s) and for the indicated length.

**.05 All records must be a fixed length of 750 positions.**

**.06** A field is also provided in these specifications for Special Data Entries. This field may be used to record information required by state or local governments, or for the personal use of the filer. IRS does not use the data provided in the Special Data Entries Field; therefore, the IRS program does not check the content or format of the data entered in this field. It is the filer's option to use the Special Data Entry Field. This field will not affect the processing of the "B" Records.



**.07** Following the Special Data Entries Field in the “B” Record, payment fields have been allocated for State Income Tax Withheld and Local Income Tax Withheld. These fields are for the convenience of the filers. The information will not be used by IRS/MCC.

**.08** Those payers participating in the Combined Federal/State Filing Program must adhere to all of the specifications in Part A, Sec. 16, to participate in this program. Filers may not file Forms 1098, 1098-E, 1098-T, 1099-A, 1099-B, 1099-C, 1099-LTC, 1099-MSA, 1099-S, 5498-MSA, and W-2G under the Combined Federal/State Filing Program.

**.09** All alpha characters in the “B” Record must be uppercase.

**.10 Do not** use decimal points (.) to indicate dollars and cents. Ten dollars must appear as 000000001000 in the payment amount field.

**.11** IRS strongly encourages transmitters to review the data for accuracy before submission to prevent issuance of erroneous notices. Transmitters should be especially careful that the names, TINs, account numbers, types of income, and income amounts are correct.

**.12** When reporting Form 1098, Mortgage Interest Statement and Form 1098-E, Student Loan Interest Statement, the “A” Record will reflect the name and TIN of the recipient of the interest or payment, the filer of the Forms 1098 and 1098-E (the payer). The “B” Record will reflect the individual paying the interest (borrower/payer of record) and the amount paid. For Form 1099-S, the “A” Record will reflect the person responsible for reporting the transaction (the filer of the Form 1099-S) and the “B” record will reflect the seller/transferor. When reporting Form 1098-T, Tuition Payments Statement, the “A” Record will reflect the name and TIN of the educational institution receiving tuition payments. The “B” Record will reflect the name and TIN of the student on whose behalf the tuition is being paid.

Record Name: Payee “B” Record				
Field Position	Field Title	Length	Description and Remarks	
1	Record Type	1	<b>Required.</b> Enter “B.”	
2–5	Payment Year	4	<b>Required.</b> Enter “1999” (unless reporting prior year data; report the year which applies [1997, 1998, etc.]).	
6	Corrected Return Indicator (See <b>Note.</b> )	1	<b>Required for corrections only.</b> Indicates a corrected return.	
			<i>Code</i>	<i>Definition</i>
			G	If this is a one-transaction correction or the first of a two-transaction correction
			C	If this is the second transaction of a two-transaction correction
			Blank	If this is not a return being submitted to correct information already processed by IRS
7-10	Name Control	4	If determinable, enter the first four characters of the surname of the person whose TIN is being reported in positions 12-20 of the “B” Record; otherwise, <b>enter blanks</b> . This usually is the payee. If the name that corresponds to the TIN is not included in the first or second payee name line and the correct name control is not provided, a backup withholding notice may be generated for the record. Surnames of less than four characters should be left-justified, filling the unused positions with blanks. Special characters and imbedded blanks should be removed. In the case of a business, other than a sole proprietorship, use the first four significant characters of the business name. Disregard the word “the” when it is the first word of the name, unless there are only two words in the name. A dash (-) and an ampersand (&) are the only acceptable special characters. Surname prefixes are considered part of the surname, e.g., for Van Elm, the name control would be VANE.	

☛ **Note:** C, G, and non-coded records must be reported using separate Payer “A” Records. Refer to Part A, Sec. 13, for specific instructions on how to file corrected returns.

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**Record Name: Payee “B” Record (Continued)**

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Field Position	Field Title	Length	Description and Remarks
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☛ **Note: Imbedded blanks, extraneous words, titles, and special characters (i.e., Mr., Mrs., Dr., period [.] , apostrophe [']) should be removed from the Payee Name Lines. This information may be dropped during subsequent processing at IRS/MCC. A dash (–) and an ampersand (&) are the only acceptable special characters.**

The following examples may be helpful to filers in developing the Name Control:

	Name	Name Control
Individuals:	Jane <b>Brown</b>	BROW
	John A. <b>Lee</b>	LEE*
	James P. <b>En</b> , Sr	EN*
	John <b>O’Neill</b>	ONEI
	Mary <b>Van Buren</b>	VANB
	Juan <b>De Jesus</b>	DEJE
	Gloria A. <b>El-Roy</b>	EL-R
	Mr. John <b>Smith</b>	SMIT
	Joe <b>McCarthy</b>	MCCA
	Pedro <b>Torres-Lopes</b>	TORR
	Maria <b>Lopez</b> Moreno**	LOPE
	Binh To <b>La</b>	LA*
	Nhat Thi <b>Pham</b>	PHAM
	Mark <b>D’Allesandro</b>	DALL
	Corporations:	The <b>First</b> National Bank
<b>The Hideaway</b>		THEH
<b>A &amp; B</b> Cafe		A&BC
<b>11TH</b> Street Inc.		11TH
Sole Proprietor:	Mark <b>Hemlock</b> DBA The Sunshine Club	HEML
Partnership:	Robert <b>Aspen</b> and Bess Willow	ASPE
	Harold <b>Fir</b> , Bruce Elm, and Joyce Spruce et al Ptr	FIR*
Estate:	Frank <b>White</b> Estate	WHIT
	Estate of Sheila <b>Blue</b>	BLUE
Trusts and Fiduciaries:	<b>Daisy</b> Corporation Employee Benefit Trust	DAIS
	Trust FBO The <b>Cherryblossom</b> Society	CHER
Exempt Organization:	<b>Laborer’s</b> Union, AFL-CIO	LABO
	<b>St. Bernard’s</b> Methodist Church Bldg. Fund	STBE

**Record Name: Payee “B” Record (Continued)**

Field Position	Field Title	Length	Description and Remarks																		
<p>*Name Controls of less than four significant characters must be left-justified and blank-filled.</p> <p>**For Hispanic names, when two last names are shown for an individual, derive the name control from the first last name.</p>																					
11	Type of TIN	1	<p>This field is used to identify the Taxpayer Identification Number (TIN) in positions 12-20 as either an Employer Identification Number (EIN), a Social Security Number (SSN), an Individual Taxpayer Identification Number (ITIN), or an Adoption Taxpayer Identification Number (ATIN). Enter the appropriate code from the following table:</p> <table><tr><th><i>Code</i></th><th><i>Type of TIN</i></th><th><i>Type of Account</i></th></tr><tr><td>1</td><td>EIN</td><td>A business, organization, sole proprietor, or other entity</td></tr><tr><td>2</td><td>SSN</td><td>An individual, including a sole proprietor or</td></tr><tr><td>2</td><td>ITIN</td><td>An individual required to have a taxpayer identification number, but who is not eligible to obtain an SSN or</td></tr><tr><td>2</td><td>ATIN</td><td>An adopted individual prior to the assignment of a social security number</td></tr><tr><td>Blank</td><td>N/A</td><td>If the type of TIN is not determinable, enter a blank.</td></tr></table>	<i>Code</i>	<i>Type of TIN</i>	<i>Type of Account</i>	1	EIN	A business, organization, sole proprietor, or other entity	2	SSN	An individual, including a sole proprietor or	2	ITIN	An individual required to have a taxpayer identification number, but who is not eligible to obtain an SSN or	2	ATIN	An adopted individual prior to the assignment of a social security number	Blank	N/A	If the type of TIN is not determinable, enter a blank.
<i>Code</i>	<i>Type of TIN</i>	<i>Type of Account</i>																			
1	EIN	A business, organization, sole proprietor, or other entity																			
2	SSN	An individual, including a sole proprietor or																			
2	ITIN	An individual required to have a taxpayer identification number, but who is not eligible to obtain an SSN or																			
2	ATIN	An adopted individual prior to the assignment of a social security number																			
Blank	N/A	If the type of TIN is not determinable, enter a blank.																			
12–20	Payee’s Taxpayer Identification Number (TIN)	9	<p><b>Required.</b> Enter the nine digit Taxpayer Identification Number of the payee (SSN, ITIN, ATIN, or EIN). If an identification number has been applied for but not received, <b>enter blanks</b>. Do not enter hyphens or alpha characters. All zeros, ones, twos, etc., will have the effect of an incorrect TIN. If the TIN is not available, <b>enter blanks</b>. (See <b>Note</b>.)</p>																		
<p> <b>Note:</b> IRS/MCC contacts payers who have submitted payee data with missing TINs in an attempt to prevent errors that could result in penalties. Payers who submit data with missing TINs, and have taken the required steps to obtain this information are encouraged to attach a letter of explanation to the required Form 4804. This will prevent unnecessary contact from IRS/MCC. This letter, however, will not prevent backup withholding notices (CP2100 or CP2100A Notices) or penalties for missing or incorrect TINs.</p>																					
21–40	Payer’s Account Number For Payee	20	<p>Enter any number assigned by the payer to the payee (e.g., checking or savings account number). Filers are encouraged to use this field. This number helps to distinguish individual payee records and should be unique for each document. Do not use the payee’s TIN since this will not make each record unique. This information is particularly useful when corrections are filed. This number will be provided with the backup withholding notification and may be helpful in identifying the branch or subsidiary reporting the transaction. Do not define data in this field in packed decimal format. If fewer than twenty characters are used, filers may either left or right justify, filling the remaining positions with blanks.</p>																		
41–44	Payer’s Office Code	4	<p>Enter office code of payer; otherwise, <b>enter blanks</b>. For payers with multiple locations, this field may be used to identify the location of the office submitting the information return.</p>																		
45–54	Blank	10	<p><b>Enter blanks.</b></p>																		

**Record Name: Payee “B” Record (Continued)**

Field Position	Field Title	Length	Description and Remarks
	Payment Amount Fields (Must be numeric) (See <b>Note.</b> )		<p><b>Required. Filers should allow for all payment amounts. For those not used, enter zeros.</b> For example: If position 27, Type of Return, of the “A” Record, is “A” (for 1099-MISC) and positions 28-39, Amount Codes, are “1247AC<b>bbb</b>”, this indicates the payer is reporting any or all six payment amounts in all of the following “B” Records. (In this example, “b” denotes blanks in the designated positions. Do not enter the letter “b”.) Payment Amount 1 will represent rents; Payment Amount 2 will represent royalties; Payment Amount 3 will be all “0” (zeros); Payment Amount 4 will represent Federal income tax withheld; Payment Amounts 5 and 6 will be all “0” (zeros); Payment amount 7 will represent nonemployee compensation, Payment Amounts 8 and 9 will be all “0” (zeros); Payment Amount A will represent crop insurance proceeds; Payment Amount B will be all “0” (zeros); and Payment Amount C will represent gross proceeds paid to an attorney in connection with legal services. Each payment field must contain 12 numeric characters. Each payment amount must contain U.S. dollars and cents. The right-most two positions represent cents in the payment amount fields. Do not enter dollar signs, commas, decimal points, or negative payments, except those items that reflect a loss on Form 1099-B. Positive and negative amounts are indicated by placing a “+” (plus) or “-” (minus) sign in the left-most position of the payment amount field. A negative over punch in the units position may be used, instead of a minus sign, to indicate a negative amount. If a plus sign, minus sign, or negative over punch is not used, the number is assumed to be positive. Negative over punch cannot be used in PC created files. Payment amounts must be right-justified and unused positions must be zero-filled. <b>Federal income tax withheld cannot be reported as a negative amount on any form.</b></p>

☛ **Note:** Filers must enter numeric information in all payment fields when filing magnetically or electronically. However, when reporting information on the statement to recipient, the payer may be instructed to leave a box blank. Follow the guidelines provided in the paper instructions for the statement to recipient.

55–66	Payment Amount 1*	12	The amount reported in this field represents payments for Amount Code 1 in the “A” Record.
67–78	Payment Amount 2*	12	The amount reported in this field represents payments for Amount Code 2 in the “A” Record.
79–90	Payment Amount 3*	12	The amount reported in this field represents payments for Amount Code 3 in the “A” Record.
91–102	Payment Amount 4*	12	The amount reported in this field represents payments for Amount Code 4 in the “A” Record.
103–114	Payment Amount 5*	12	The amount reported in this field represents payments for Amount Code 5 in the “A” Record.
115–126	Payment Amount 6*	12	The amount reported in this field represents payments for Amount Code 6 in the “A” Record.
127–138	Payment Amount 7*	12	The amount reported in this field represents payments for Amount Code 7 in the “A” Record.

**Record Name: Payee “B” Record (Continued)**

Field Position	Field Title	Length	Description and Remarks
139–150	Payment Amount 8*	12	The amount reported in this field represents payments for Amount Code 8 in the “A” Record.
151–162	Payment Amount 9*	12	The amount reported in this field represents payments for Amount Code 9 in the “A” Record.
163–174	Payment Amount A*	12	The amount reported in this field represents payments for Amount Code A in the “A” Record.
175–186	Payment Amount B*	12	The amount reported in this field represents payments for Amount Code B in the “A” Record.
187–198	Payment Amount C*	12	The amount reported in this field represents payments for Amount Code C in the “A” Record.

**\*If there are discrepancies between the payment amount fields and the boxes on the paper forms, the instructions in this revenue procedure govern.**

199–246	Reserved	48	<b>Enter blanks.</b>
247	Foreign Country Indicator	1	<b>If the address of the payee is in a foreign country, enter a “1” (one) in this field; otherwise, enter blank.</b> When filers use this indicator, they may use a free format for the payee city, state, and ZIP Code. Address information must not appear in the First or Second Payee Name Line.
248–287	First Payee Name Line (See <b>Notes.</b> )	40	<b>Required.</b> Enter the name of the payee (preferably surname first) whose Taxpayer Identification Number (TIN) was provided in positions 12-20 of the “B” Record. Left justify and fill unused positions with blanks. If more space is required for the name, utilize the Second Payee Name Line Field. If there are multiple payees, only the name of the payee whose TIN has been provided should be entered in this field. The names of the other payees may be entered in the Second Payee Name Line Field. If reporting information for a sole proprietor, the individual’s name must always be present, preferably on the First Payee Name Line. The use of the business name is optional in the Second Payee Name Line Field.

☛ **Note 1:** *Extraneous words, titles, and special characters (i.e., Mr., Mrs., Dr., period [.] , apostrophe [’]) should be removed from the Payee Name Lines. This information may be dropped during subsequent processing at IRS/MCC. A dash (–) and an ampersand (&) are the only acceptable special characters.*

☛ **Note 2:** **End the First Payee Name Line with a full word. Do not split words.**

☛ **Note 3:** **When reporting Form 1098, Mortgage Interest Statement, and Form 1098-E, Student Loan Interest Statement, the “A” Record will reflect the name and TIN of the recipient of the interest or payment, the filer of Forms 1098 and 1098-E (the payer). The “B” Record will reflect the individual paying the interest (the borrower/payer of record) and the amount paid. For Form 1099-S, the “A” Record will reflect the person responsible for reporting the transaction (the filer of the Form 1099-S) and the “B” Record will reflect the seller/transferor. When reporting Form 1098-T, Tuition Payments Statement, the “A” Record will reflect the name and TIN of the educational institution receiving tuition payments. The “B” Record will reflect the name and TIN of the student on whose behalf the tuition is being paid.**



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**Record Name: Payee “B” Record (Continued)**

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Field Position	Field Title	Length	Description and Remarks
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☛ **Note 4:** For Form 5498, Inherited IRAs, enter the beneficiary’s name followed by the word “beneficiary.” For example, “Brian Young as beneficiary of Joan Smith” or something similar that signifies that the IRA was once owned by Joan Smith. Filers may abbreviate the word “beneficiary” as, for example, “benef.” Refer to the “1999 Instructions for Forms 1099, 1098, 5498, and W-2G.” The beneficiary’s TIN must be reported in positions 12-20 of the “B” Record.

☛ **Note 5:** When reporting Form 1099-LTC, Long-Term Care and Accelerated Death Benefits, the Payee Name Line of the “B” Record will reflect the policyholder. The name of the insured will be reported in Field Positions 557-596 of the Payee “B” Record.

288–327	Second Payee Name Line	40	If there are multiple payees, (e.g., partners, joint owners, or spouses), use this field for those names not associated with the TIN provided in positions 12-20 of the “B” Record or if not enough space was provided in the First Payee Name Line, continue the name in this field. (See <b>Note</b> .) <b>Do not enter address information.</b> It is important that filers provide as much payee information to IRS/MCC as possible to identify the payee associated with the TIN. Left justify and fill unused positions with blanks. <b>Fill with blanks if no entries are present for this field.</b>
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☛ **Note:** End the First Payee Name Line with a full word. Do not split words. Begin the Second Payee Name Line with the next sequential word.

328–367	Blank	40	<b>Enter blanks.</b>
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368–407	Payee Mailing Address	40	<b>Required.</b> Enter mailing address of payee. Street address should include number, street, apartment or suite number (or P.O. Box if mail is not delivered to street address). Left justify information and fill unused positions with blanks. This field <b>must not</b> contain any data other than the payee’s mailing address.
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**For U.S. addresses,** the payee city, state, and ZIP Code must be reported as a 40, 2, and 9 position field, respectively. **Filers must adhere to the correct format for the payee city, state, and ZIP Code.**

**For foreign addresses,** filers may use the payee city, state, and ZIP Code as a continuous 51 position field. Enter information in the following order: city, province or state, postal code, and the name of the country. When reporting a foreign address, the Foreign Country Indicator in position 247 must contain a “1” (one).

408–447	Blank	40	<b>Enter blanks.</b>
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448–487	Payee City	40	<b>Required.</b> Enter the city, town or post office. Left justify information and fill the unused positions with blanks. Enter APO or FPO if applicable. Do not enter state and ZIP Code information in this field.
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488–489	Payee State	2	<b>Required.</b> Enter the valid U.S. Postal Service state abbreviations for states or the appropriate postal identifier (AA, AE, or AP) described in Part A, Sec. 18.
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490–498	Payee ZIP Code	9	<b>Required.</b> Enter the valid ZIP Code (nine or five digit) assigned by the U.S. Postal Service. If only the first five digits are known, left justify information and fill unused positions with blanks. For foreign countries, alpha characters are acceptable as long as the filer has entered a “1” (one) in the Foreign Country Indicator, located in position 247 of the “B” Record.
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499–543	Blank	45	<b>Enter blanks.</b>
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**Standard Payee "B" Record Format For  
All Types of Returns, Positions 1-543**

Record Type	Payment Year	Corrected Return Indicator	Name Control	Type of TIN	Payee's TIN	Payer's Account Number
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1                      2-5                      6                      7-10                      11                      12-20                      21-40

Payer's Office Code	Blank	Payment Amount 1	Payment Amount 2	Payment Amount 3	Payment Amount 4	Payment Amount 5
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41-44                      45-54                      55-66                      67-78                      79-90                      91-102                      103-114

Payment Amount 6	Payment Amount 7	Payment Amount 8	Payment Amount 9	Payment Amount A	Payment Amount B
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115-126                      127-138                      139-150                      151-162                      163-174                      175-186

Payment Amount C	Reserved	Foreign Country Indicator	First Payee Name Line	Second Payee Name Line	Blank
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187-198                      199-246                      247                      248-287                      288-327                      328-367

Payee Mailing Address	Blank	Payee City	Payee State	Payee ZIP Code	Blank
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368-407                      408-447                      448-487                      488-489                      490-498                      499-543

**The following sections define the field positions for the different types of returns in the Payee "B" Record (positions 544-750):**

- (1) **Forms 1098, 1098-E**
- (2) **Form 1098-T**
- (3) **Form 1099-A**
- (4) **Form 1099-B**
- (5) **Form 1099-C**
- (6) **Form 1099-DIV\***
- (7) **Form 1099-G\***
- (8) **Form 1099-INT\***
- (9) **Form 1099-LTC**
- (10) **Form 1099-MISC\***
- (11) **Form 1099-MSA**
- (12) **Form 1099-OID\***
- (13) **Form 1099-PATR\***
- (14) **Form 1099-R\***
- (15) **Form 1099-S**
- (16) **Form 5498\***
- (17) *Form 5498-MSA*
- (18) **Form W-2G**


\* These forms may be filed through the Combined Federal/State Filing Program. IRS/MCC will forward these records to participating states for filers who have been approved for the program. See Part A, Sec. 16 for information about the program, including specific codes for the record layouts.

**(1) Payee “B” Record - Record Layout Positions 544-750 for Forms 1098 and 1098-E**

Field Position	Field Title	Length	Description and Remarks
544–662	Blank	119	<b>Enter blanks.</b>
663–722	Special Data Entries	60	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks.</b>
723–748	Blank	26	<b>Enter blanks.</b>
749–750	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (CR/LF) characters.

**Payee “B” Record - Record Layout Positions 544-750 Forms 1098 and 1098-E**

Blank	Special Data Entries	Blank	Blank or CR/LF
544–662	663–722	723–748	749–750

 **Note:** *Until regulations are adopted, no penalties will be imposed under section 6721 or 6722 for failure to file or furnish correct Forms 1098-T if you made a good faith effort to file and furnish them.*

**(2) Payee “B” Record - Record Layout Positions 544-750 for Form 1098-T**

Field Position	Field Title	Length	Description and Remarks
544–546	Blank	3	<b>Enter blanks.</b>
547	<i>Half-time Student Indicator</i>	1	<i>Enter “1” (one) if the student was at least a half-time student during any academic period that began in 1999. Otherwise, <b>enter a blank.</b></i>
548	<i>Graduate Student Indicator</i>	1	<i>Enter “1” (one) if the student is enrolled exclusively in a graduate level program. Otherwise, <b>enter a blank.</b></i>
549–662	Blank	114	<b>Enter blanks.</b>
663–722	Special Data Entries	60	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for the filing requirements. If this field is not utilized, <b>enter blanks.</b>
723–748	Blank	26	<b>Enter blanks</b>
749–750	Blank	2	<b>Enter blanks</b> or carriage return/line feed (CR/LF) characters.

**Payee “B” Record - Record Layout Positions 544-750 Form 1098-T**

Blank	Half-time Student Indicator	Graduate Student Indicator	Blank	Special Data Entries	Blank	Blank or CR/LF
544–546	547	548	549–662	663–722	723–748	749–750

**(3) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-A**

Field Position	Field Title	Length	Description and Remarks							
544–546	Blank	3	<b>Enter blanks.</b>							
547	Personal Liability Indicator	1	Enter the appropriate indicator from the table below:  <table><tr><th><i>Indicator</i></th><th><i>Usage</i></th></tr><tr><td>1</td><td>Borrower was personally liable for repayment of the debt.</td></tr><tr><td>Blank</td><td>Borrower was not personally liable for repayment of the debt.</td></tr></table>		<i>Indicator</i>	<i>Usage</i>	1	Borrower was personally liable for repayment of the debt.	Blank	Borrower was not personally liable for repayment of the debt.
<i>Indicator</i>	<i>Usage</i>									
1	Borrower was personally liable for repayment of the debt.									
Blank	Borrower was not personally liable for repayment of the debt.									
548–555	Date of Lender’s Acquisition or Knowledge of Abandonment	8	Enter the acquisition date of the secured property or the date the lender first knew or had reason to know the property was abandoned, in the format YYYYMMDD (i.e., 19991022). <b>Do not enter hyphens or slashes.</b>							
☛ For dates with one-digit months (i.e., January-September) or days (i.e., 1-9), enter a zero before the month or day. January 1, 1999, would be 19990101. Do not enter blanks, alphas or special characters.										
556–594	Description of Property	39	Enter a brief description of the property. For real property, enter the address, or, if the address does not sufficiently identify the property, enter the section, lot and block. For personal property, enter the type, make and model (e.g., Car-1998 Buick Regal or Office Equipment). Enter “CCC” for crops forfeited on Commodity Credit Corporation loans. If fewer than 39 positions are required, left justify information and fill unused positions with blanks.							
595–662	Blank	68	<b>Enter blanks.</b>							
663–722	Special Data Entries	60	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for the filing requirements. If this field is not utilized, <b>enter blanks.</b>							
723–748	Blank	26	<b>Enter blanks.</b>							
749–750	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (CR/LF) characters.							

**Payee “B” Record - Record Layout Positions 544-750 Form 1099-A**

Blank	Personal Liability Indicator	Date of Lender’s Acquisition or Knowledge of Abandonment	Description of Property	Blank
544–546	547	548–555	556–594	595–662

Special Data Entries	Blank	Blank or CR/LF
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663–722

723–748

749–750

#### (4) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-B

Field Position	Field Title	Length	Description and Remarks	
544	Second TIN Notice (Optional)	1	Enter “2” to indicate notificationby IRS twice within three calendar years that the payee provided an incorrect name and/or TIN combination; <b>enter a blank.</b>	
545–546	Blank	2	<b>Enter blanks.</b>	
547	Gross Proceeds Indicator	1	Enter the appropriate indicator from the following table, to identify amount reported in Amount Code 2; otherwise, <b>enter blanks.</b>	
			<i>Indicator</i>	<i>Usage</i>
			1	Gross proceeds
			2	Gross proceeds less commissions and option premiums
548–555	Date of Sale	8	For broker transactions, enter the trade date of the transaction. For barter exchanges, enter the date when cash, property, a credit, or scrip is actually or constructively received in the format YYYYMMDD (e.g., 19991022). Enter blanks if this is an aggregate transaction. <b>Do not enter hyphens or slashes.</b>	
☛ For dates with one-digit months (i.e., January-September) or days (i.e., 1-9), enter a zero before the month or day. January 2, 1999, would be 19990102. Do not enter blanks, alphas or special characters.				
556–568	CUSIP Number	13	For broker transactions only, enter the CUSIP (Committee on Uniform Security Identification Procedures) number of the item reported for Amount Code 2 (stocks, bonds, etc.). Enter blanks if this is an aggregate transaction. Enter “0” (zeros) if the number is not available. Right justify information and fill unused positions with blanks.	
569–607	Description	39	If fewer than 39 characters are required, left justify information and fill unused positions with blanks. For broker transactions, enter a brief description of the disposition item (e.g., 100 shares of XYZ Corp.). For regulated futures and forward contracts, enter “RFC” or other appropriate description (see <b>Note</b> ). For bartering transactions, show the services or property provided.	
608–662	Blank	55	<b>Enter blanks.</b>	
663–722	Special Data Entries	60	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks.</b>	
723–734	State Income Tax Withheld	12	State income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting state tax withheld, this field may be used as a continuation of the Special Data Entries Field.	



**(4) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-B (Continued)**

Field Position	Field Title	Length	Description and Remarks
735–746	Local Income Tax Withheld	12	Local income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting local tax withheld, this field may be used as a continuation of the Special Data Entries field.
747–748	Blank	2	<b>Enter blanks.</b>
749–750	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (CR/LF) characters.

**Payee “B” Record - Record Layout Positions 544-750 for Form 1099-B**

Second TIN Notice (Optional)	Blank	Gross Proceeds Indicator	Date of Sale	CUSIP Number	Description
544	545–546	547	548–555	556–568	569–607
Blank	Special Data Entries	State Income Tax Withheld	Local Income Tax Withheld	Blank	Blank or CR/LF
608–662	663–722	723–734	735–746	747–748	749–750

**(5) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-C**

Field Position	Field Title	Length	Description and Remarks
544–546	Blank	3	<b>Enter blanks.</b>
547	Bankruptcy Indicator	1	Enter “1” (one) to indicate the debt was discharged in bankruptcy, if known. Otherwise, <b>enter a blank.</b>
548–555	Date Canceled	8	Enter the date the debt was canceled in the format of YYYYMMDD (i.e., 19991022). <b>Do not enter hyphens or slashes.</b>
<p>☛ For dates with one-digit months (i.e., January-September) or days (i.e., 1-9), enter a zero before the month or day. January 2, 1999, would be 19990102. Do not enter blanks, alphas or special characters.</p>			
556–594	Debt Description	39	Enter a description of the origin of the debt, such as student loan, mortgage, or credit card expenditure. If a combined Form 1099-C and 1099-A is being filed, also enter a description of the property.
595–662	Blank	68	<b>Enter blanks.</b>
663–722	Special Data Entries	60	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks.</b>

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**(5) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-C (Continued)**

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Field Position	Field Title	Length	Description and Remarks
723–748	Blank	26	<b>Enter blanks.</b>
749–750	Blank	2	<b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.

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**Payee “B” Record - Record Layout Positions 544-750 for Form 1099-C**

Blank	Bankruptcy Indicator	Date Canceled	Debt Description	Blank	Special Data Entries
544–546	547	548–555	556–594	595–662	663–722

Blank	Blank or CR/LF
723–748	749–750

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**(6) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-DIV**

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Field Position	Field Title	Length	Description and Remarks
544	Second TIN Notice (Optional)	1	Enter “2” to indicate notification by IRS twice within three calendar years that the payee provided an incorrect name and/or TIN combination; otherwise, <b>enter a blank</b> .
545–546	Blank	2	<b>Enter blanks.</b>
547–586	Foreign Country or U.S. Possession	40	Enter the name of the foreign country or U.S.possession to which the withheld foreign tax (Amount Code 9) applies. Otherwise, <b>enter blanks</b> .
587–662	Blank	76	<b>Enter blanks.</b>
663–722	Special Data Entries	60	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks</b> .
723–734	State Income Tax Withheld	12	State income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting state tax withheld, this field may be used as a continuation of the Special Data Entries Field.
735–746	Local Income Tax Withheld	12	Local income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting local tax withheld, this field may be used as a continuation of the Special Data Entries Field.

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**(6) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-DIV (Continued)**

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Field Position	Field Title	Length	Description and Remarks
747–748	Combined Federal/State Code	2	If this payee record is to be forwarded to a state agency as part of the Combined Federal/State Filing Program, enter the valid state code from Part A, Sec. 16, Table 1. For those payers or states not participating in this program, <b>enter blanks</b> .
749–750	Blank	2	<b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.

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**Payee “B” Record - Record Layout Positions 544-750 for Form 1099-DIV**

Second TIN Notice (Optional)	Blank	Foreign Country or U.S. Possession	Blank	Special Data Entries
544	545-546	547-586	587-662	663-722
State Income Tax Withheld	Local Income Tax Withheld	Combined Federal/State Code	Blank or CR/LF	
723–734	735–746	747–748	749–750	

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**(7) Payee “B” Record-Record Layout Positions 544-750 for Form 1099-G**

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Field Position	Field Title	Length	Description and Remarks						
544–546	Blank	3	<b>Enter blanks.</b>						
547	Trade or Business Indicator	1	Enter “1” (one) to indicate the state or local income tax refund, credit, or offset (Amount Code 2) is attributable to income tax that applies exclusively to income from a trade or business.  <table><tr><td><i>Indicator</i></td><td><i>Usage</i></td></tr><tr><td>1</td><td>Income tax refund applies exclusively to a trade or business.</td></tr><tr><td>Blank</td><td>Income tax refund is a general tax refund.</td></tr></table>	<i>Indicator</i>	<i>Usage</i>	1	Income tax refund applies exclusively to a trade or business.	Blank	Income tax refund is a general tax refund.
<i>Indicator</i>	<i>Usage</i>								
1	Income tax refund applies exclusively to a trade or business.								
Blank	Income tax refund is a general tax refund.								
548–551	Tax Year of Refund	4	Enter the tax year for which the refund, credit, or offset (Amount Code 2) was issued. <b>The tax year must reflect the year for which the payment was made, not the tax year of the Form 1099-G. The tax year must be in the four position format of YYYY (i.e., 1998).</b> The valid range of years for the refund is 1989 through 1998.						
552–662	Blank	111	<b>Enter blanks.</b>						
663–722	Special Data Entries	60	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. <b>You may enter your routing and transit number (RTN) here.</b> If this field is not utilized, <b>enter blanks.</b>						

**(7) Payee “B” Record-Record Layout Positions 544-750 for Form 1099-G**

Field Position	Field Title	Length	Description and Remarks
723–734	State Income Tax Withheld	12	State income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting state tax withheld, this field may be used as a continuation of the Special Data Entries Field.
735–746	Local Income Tax Withheld	12	Local income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting local tax withheld, this field may be used as a continuation of the Special Data Entries Field.
747–748	Combined Federal/State Code	2	If this payee record is to be forwarded to a state agency as part of the Combined Federal/State Filing Program, enter the valid state code from Part A, Sec. 16, Table 1. For those payers or states not participating in this program, <b>enter blanks</b> .
749–750	Blank	2	<b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.

**Payee “B” Record - Record Layout Positions 544-750 for Form 1099-G**

Blank	Trade or Business Indicator	Tax Year of Refund	Blank	Special Data Entries	State Income Tax Withheld
544–546	547	548–551	552–662	663–722	723–734
Local Income Tax Withheld	Combined Federal/State Code	Blank or CR/LF			
735–746	747–748	749–750			

**(8) Payee “B” Record—Record Layout Positions 544-750 for Form 1099-INT**

Field Position	Field Title	Length	Description and Remarks
544	Second TIN Notice (Optional)	1	Enter “2” to indicate notification by IRS twice within three calendar years that the payee provided an incorrect name and/or TIN combination; otherwise, <b>enter a blank</b> .
545–546	Blank	2	<b>Enter blanks</b> .
547–586	Foreign Country or U.S. Possession	40	Enter the name of the foreign country or U.S. possession to which the withheld foreign tax (Amount Code 6) applies. Otherwise, <b>enter blanks</b> .
587–662	Blank	76	<b>Enter blanks</b> .

**(8) Payee "B" Record—Record Layout Positions 544-750 for Form 1099-INT (Continued)**

Field Position	Field Title	Length	Description and Remarks
663-722	Special Data Entries	60	This portion of the "B" Record may be used to record information for state or local government reporting or for the filer's own purposes. Payers should contact the state or local revenue departments for filing requirements. You may enter your routing and transit number (RTN) here. If this field is not utilized, <b>enter blanks</b> .
723-734	State Income Tax Withheld	12	State income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting state tax withheld, this field may be used as a continuation of the Special Data Entries Field.
735-746	Local Income Tax Withheld	12	Local income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting local tax withheld, this field may be used as a continuation of the Special Data Entries Field.
747-748	Combined Federal/State Code	2	If this payee record is to be forwarded to a state agency as part of the Combined Federal/State Filing Program, enter the valid state code from Part A, Sec. 16, Table 1. For those payers or states not participating in this program, <b>enter blanks</b> .
749-750	Blank	2	<b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.

**Payee "B" Record - Record Layout Positions 544-750 for Form 1099-INT**


Second TIN Notice (Optional)	Blank	Foreign Country or U.S. Possession	Blank	Special Data Entries	State Income Tax Withheld
544	545-546	547-586	587-662	663-722	723-734
Local Income Tax Withheld	Combined Federal/State Code	Blank or CR/LF			
735-746	747-748	749-750			

**(9) Payee "B" Record—Record Layout Positions 544-750 for Form 1099-LTC**

Field Position	Field Title	Length	Description and Remarks
544-546	Blank	3	<b>Enter blanks</b> .
547	Type of Payment Indicator	1	Enter the appropriate indicator from the following table; otherwise, <b>enter blanks</b> .



**(9) Payee “B” Record—Record Layout Positions 544-750 for Form 1099-LTC (Continued)**

Field Position	Field Title	Length	Description and Remarks	
			<i>Indicator</i> 1 2	<i>Usage</i> Per diem Reimbursed amount
548–556	Social Security Number of Insured	9	<b>Required.</b> Enter the Social Security Number of the insured	
557–596	Name of Insured	40	<b>Required.</b> Enter the name of the insured.	
597–636	Address of Insured	40	<b>Required.</b> Enter the address of the insured. Street address should include number, street, apartment or suite number (or P.O. Box if not delivered to street address). Left justify information and fill unused positions with blanks. This field <b>must not</b> contain any data other than payee’s address.	
<b>For U.S. addresses,</b> the payee city, state, and ZIP Code must be reported as a 40, 2, and 9 position field, respectively. <b>Filers must adhere to the correct format for the insured’s city, state, and ZIP Code.</b>				
<b>For foreign addresses,</b> filers may use the insured’s city, state, and ZIP Code as a continuous 51 position field. Enter information in the following order: city, province or state, postal code, and the name of the country. When reporting a foreign address, the Foreign Country Indicator in position 247 must contain a “1” (one).				
637–676	City of Insured	40	<b>Required.</b> Enter the city, town, or post office. Left justify information and fill the unused positions with blanks. Enter APO or FPO, if applicable. Do not enter state and Zip Code information in this field.	
677–678	State of Insured	2	<b>Required.</b> Enter the valid U.S. Postal Service state abbreviations for states or the appropriate postal identifier (AA, AE, or AP) described in Part A, Sec. 18.	
679–687	ZIP Code of Insured	9	<b>Required.</b> Enter the valid nine digit ZIP Code assigned by the U.S. Postal Service. If only the first five digits are known, left justify information and fill the unused positions with blanks. For foreign countries, alpha characters are acceptable as long as the filer has entered a “1” (one) in the Foreign Country Indicator, located in position 247 of the “B” Record.	
688	Status of Illness Indicator (Optional)	1	Enter the appropriate code from the table below to indicate the status of the illness of the insured; otherwise, <b>enter blank:</b>	
			<i>Indicator</i> 1 2	<i>Usage</i> Chronically ill Terminally ill
689–696	Date Certified (Optional)	8	Enter the latest date of a doctor’s certification of the status of the insured’s illness. The format of the date is YYYYMMDD (e.g., 19991022).	
 For dates with one-digit months (i.e., January-September) or days (i.e., 1-9), enter a zero before the month or day. January 2, 1999, would be 19990102. Do not enter blanks, alphas or special characters.				
697–722	Blank	26	<b>Enter blanks.</b>	

**(9) Payee “B” Record—Record Layout Positions 544-750 for Form 1099-LTC (Continued)**

Field Position	Field Title	Length	Description and Remarks
723–734	State Income Tax Withheld	12	State income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled.
735–746	Local Income Tax Withheld	12	Local income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled.
747–748	Blank	2	<b>Enter blanks.</b>
749–750	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (CR/LF) characters.

**Payee “B” Record—Record Layout Positions 544-750 for Form 1099-LTC**

Blank	Type of Payment Indicator	SSN of Insured	Name of Insured	Address of Insured	City of Insured	State of Insured	ZIP Code of Insured
544–546	547	548–556	557–596	597–636	637–676	677–678	679–687
Status of Illness Indicator (Optional)	Date Certified (Optional)	Blank	State Income Tax Withheld	Local Income Tax Withheld	Blank	Blank or CR/LF	
688	689–696	697–722	723–734	735–746	747–748	749–750	

**(10) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-MISC**

Field Position	Field Title	Length	Description and Remarks
544	Second TIN Notice (Optional)	1	Enter “2” to indicate notification by IRS twice within three calendar years that the payee provided an incorrect name and/or TIN combination; otherwise, <b>enter a blank.</b>
545–546	Blank	2	<b>Enter blanks.</b>
547	Direct Sales Indicator (See <b>Note.</b> )	1	Enter a “1” (one) to indicate sales of \$5,000 or more of consumer products to a person on a buy-sell, deposit-commission, or any other commission basis for resale anywhere other than in a permanent retail establishment. Otherwise, <b>enter a blank.</b>

**Note:** If reporting a direct sales indicator only, use Type of Return “A” in Field Position 27, and Amount Code 1 in Field Position 28 of the Payer “A” Record. All payment amount fields in the Payee “B” Record will contain zeros.

548–662	Blank	115	<b>Enter blanks.</b>
663–722	Special Data Entries	60	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks.</b>

**(10) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-MISC (Continued)**

Field Position	Field Title	Length	Description and Remarks
723–734	State Income Tax Withheld	12	State income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting state tax withheld, this field may be used as a continuation of the Special Data Entries Field.
735–746	Local Income Tax Withheld	12	Local income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting local tax withheld, this field may be used as a continuation of the Special Data Entries Field.
747–748	Combined Federal/State Code	2	If this payee record is to be forwarded to a state agency as part of the Combined Federal/State Filing Program, enter the valid state code from Part A, Sec. 16, Table 1. For those payers or states not participating in this program, <b>enter blanks</b> .
749–750	Blank	2	<b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.

**Payee “B” Record—Record Layout Positions 544-750 for Form 1099-MISC**

Second TIN Notice (Optional)	Blank	Direct Sales Indicator	Blank	Special Data Entries	State Income Tax Withheld	Local Income Tax Withheld
544	545–546	547	548–662	663–722	723–734	735–746
Combined Federal/State Code	Blank or CR/LF					
747–748	749–750					

**(11) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-MSA**

Field Position	Field Title	Length	Description and Remarks	
544	Blank	1	<b>Enter blank.</b>	
545	Distribution Code	1	<b>Required.</b> Enter the applicable code to indicate the type of payment:	
			<i>Code</i>	<i>Category</i>
			1	Normal distribution
			2	Excess contributions
			3	Disability
			4	Death distribution other than code 6 (This includes distributions to a spouse, nonspouse, or estate beneficiary in the year of death and to an estate after the year of death.)
			5	Prohibited transaction

**11) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-MSA (Continued)**

Field Position	Field Title	Length	Description and Remarks
		6	<i>Death distribution <b>after year of death</b> to a nonspouse beneficiary (Do not use for distribution to an estate.)</i>
546	Blank	1	<b>Enter a blank.</b>
547	Medicare+Choice Indicator	1	Enter “1” (one) if distributions are from a Medicare+Choice MSA. Otherwise, <b>enter a blank.</b>
548–662	Blank	115	<b>Enter blanks.</b>
663–722	Special Data Entries	60	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks.</b>
723–734	State Income Tax Withheld	12	State income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting state tax withheld, this field may be used as a continuation of the Special Data Entries Field .
735–746	Local Income Tax Withheld	12	Local income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting local tax withheld, this field may be used as a continuation of the Special Data Entries Field.
747–748	Blank	2	<b>Enter blanks.</b>
749–750	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (CR/LF) characters.

**Payee “B” Record—Record Layout Positions 544-750 for Form 1099-MSA**

Blank	Distribution Code	Blank	Medicare+Choice MSA Indicator	Blank	Special Data Entries
544	545	546	547	548–662	663–722

State Income Tax Withheld	Local Income Tax Withheld	Blank	Blank or CR/LF
723–734	735–746	747–748	749–750

**(12) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-OID**

Field Position	Field Title	Length	Description and Remarks
544	Second TIN Notice (Optional)	1	Enter “2” to indicate notification by IRS twice within three calendar years hat the payee provided an incorrect name and/or TIN combination; otherwise, <b>enter a blank.</b>
545–546	Blank	2	<b>Enter blanks.</b>
547–585	Description	39	<b>Required.</b> Enter the CUSIP number, if any. If there is no CUSIP number, enter the abbreviation for the stock exchange and issuer, the coupon rate, and year ( <b>must be 4 digit year</b> ) of maturity (e.g., NYSE XYZ 12 1/2 1999). Show the name of the issuer if other than the payer. If fewer than 39 characters are required, left justify information and fill unused positions with blanks.
586–662	Blank	77	<b>Enter blanks.</b>
663–722	Special Data Entries	60	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks.</b>
723–734	State Income Tax Withheld	12	State income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting state tax withheld, this field may be used as a continuation of the Special Data Entries Field.
735–746	Local Income Tax Withheld	12	Local income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting local tax withheld, this field may be used as a continuation of the Special Data Entries Field.
747–748	Combined Federal/ State Code	2	If this payee record is to be forwarded to a state agency as part of the Combined Federal/State Filing Program, enter the valid state code from Part A, Sec. 16, Table 1. For those payers or states not participating in this program, <b>enter blanks.</b>
749–750	Blank	2	<b>Enter blanks</b> or carriage return/line feed (CR/LF) characters.

**Payee “B” Record - Record Layout Positions 544-750 for Form 1099-OID**

Second TIN Notice (Optional)	Blank	Description	Blank	Special Data Entries	State Income Tax Withheld
544	545–546	547–585	586–662	663–722	723–734
Local Income Tax Withheld	Combined Federal/ State Code	Blank or CR/FL			
735–746	747–748	749–750			



**(13) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-PATR**

Field Position	Field Title	Length	Description and Remarks
544	Second TIN Notice (Optional)	1	Enter “2” to indicate notification by IRS twice within three calendar years that the payee provided an incorrect name and/or TIN combination; otherwise, <b>enter a blank</b> .
545–662	Blank	118	<b>Enter blanks.</b>
663–722	Special Data Entries	60	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks</b> .
723–734	State Income Tax Withheld	12	State income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting state tax withheld, this field may be used as a continuation of the Special Data Entries Field.
735–746	Local Income Tax Withheld	12	Local income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting local tax withheld, this field may be used as a continuation of the Special Data Entries Field.
747–748	Combined Federal/ State Code	2	If this payee record is to be forwarded to a state agency as part of the Combined Federal/State Filing Program, enter the valid state code from Part A, Sec. 16, Table 1. For those payers or states not participating in this program, <b>enter blanks</b> .
749–750	Blank	2	<b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.

**Payee “B” Record - Record Layout Positions 544-750 for 1099-PATR**

Second TIN Notice (Optional)	Blank	Special Data Entries	State Income Tax Withheld	Local Income Tax Withheld	Combined Federal/ State Code	Blank or CR/LF
544	545–662	663–722	723–734	735–746	747–748	749–750

**(14) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-R**

Field Position	Field Title	Length	Description and Remarks
544	Blank	1	<b>Enter blank.</b>
545–546	Distribution Code (For a detailed explanation of the distribution codes see the “1999 Instructions for	2	<b>Required.</b> Enter at least one distribution code from the table below. More than one code may apply. If only one code is required, it must be entered in position 545 and position 546 must be blank. A blank in position 545 is not acceptable. Position 545 must contain a numeric code in all cases except when using Code D, E, F, G, H, J, L, M, P, or S. Distribution Code A, when applicable, must be entered in position 546 with the applicable

**(14) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-R (Continued)**

Field Position	Field Title	Length	Description and Remarks																																												
	Forms 1099, 1098, 5498, and W-2G.”)		numeric code in position 545. When using Code P for an IRA distribution under section 408(d)(4) of the Internal Revenue Code, the filer may also enter Code 1 or 2, if applicable. Only three numeric combinations are acceptable, Codes 8 and 1, 8 and 2, and codes 8 and 4, on one return. These three combinations can be used only if both codes apply to the distribution being reported. If more than one numeric code is applicable to different parts of a distribution, except the three combinations mentioned above, report two separate “B” Records. Distribution Codes E, F, and H cannot be used with any other codes. Distribution Code G may be used with Distribution Code 4 only, if applicable.																																												
			<table><tr><th>Code</th><th>Category</th></tr><tr><td>1</td><td>*Early distribution, no known exception (<i>in most cases, under age 59 ½</i>)</td></tr><tr><td>2</td><td>*Early distribution, exception applies [as defined in section 72(q), (t), or (v)] (other than Codes 3 or 4)</td></tr><tr><td>3</td><td>*Disability</td></tr><tr><td>4</td><td>*Death (includes payments to an estate or other beneficiary)</td></tr><tr><td>5</td><td>*Prohibited transaction</td></tr><tr><td>6</td><td>Section 1035 exchange (<i>a tax-free exchange of life insurance, annuity, or endowment contracts</i>)</td></tr><tr><td>7</td><td>*Normal distribution (<i>Do not use if Code J or M applies.</i>)</td></tr><tr><td>8</td><td>*Excess contributions plus earnings/excess deferrals (and/or earnings) taxable in 1999</td></tr><tr><td>9</td><td>PS 58 costs (<i>premiums paid by a trustee or custodian for current insurance protection</i>)</td></tr><tr><td>A</td><td>May be eligible for 5- or 10-year tax option</td></tr><tr><td>D</td><td>*Excess contributions plus earnings/excess deferrals taxable in 1997</td></tr><tr><td>E</td><td>Excess annual additions under section 415</td></tr><tr><td>F</td><td>Charitable gift annuity</td></tr><tr><td>G</td><td>Direct rollover to IRA</td></tr><tr><td>H</td><td>*Direct rollover to qualified plan or tax-sheltered annuity or the distribution is from a conduit IRA and is made payable to the trustee of or is transferred to an employer plan</td></tr><tr><td>J</td><td><i>Distribution from a Roth IRA. (This code may be used with Code 1, 2, 3, 4, 5, 8, or P.)</i></td></tr><tr><td>L</td><td>Loans treated as deemed distributions under section 72(p)</td></tr><tr><td>M</td><td>Distribution from an education IRA (Ed IRA)</td></tr><tr><td>P</td><td>*Excess contributions plus earnings/excess deferrals taxable in 1998 (See the explanation for Code 8.)</td></tr><tr><td>R</td><td><i>Recharacterized IRA contribution (To another type of IRA by a trustee-to-trustee transfer or with the same trustee) (See Note.)</i></td></tr><tr><td>S</td><td>*Early distribution from a SIMPLE IRA in first 2 years, no known exception (<i>Do not use Code S if Code 3 or 4 applies.</i>)</td></tr></table>	Code	Category	1	*Early distribution, no known exception ( <i>in most cases, under age 59 ½</i> )	2	*Early distribution, exception applies [as defined in section 72(q), (t), or (v)] (other than Codes 3 or 4)	3	*Disability	4	*Death (includes payments to an estate or other beneficiary)	5	*Prohibited transaction	6	Section 1035 exchange ( <i>a tax-free exchange of life insurance, annuity, or endowment contracts</i> )	7	*Normal distribution ( <i>Do not use if Code J or M applies.</i> )	8	*Excess contributions plus earnings/excess deferrals (and/or earnings) taxable in 1999	9	PS 58 costs ( <i>premiums paid by a trustee or custodian for current insurance protection</i> )	A	May be eligible for 5- or 10-year tax option	D	*Excess contributions plus earnings/excess deferrals taxable in 1997	E	Excess annual additions under section 415	F	Charitable gift annuity	G	Direct rollover to IRA	H	*Direct rollover to qualified plan or tax-sheltered annuity or the distribution is from a conduit IRA and is made payable to the trustee of or is transferred to an employer plan	J	<i>Distribution from a Roth IRA. (This code may be used with Code 1, 2, 3, 4, 5, 8, or P.)</i>	L	Loans treated as deemed distributions under section 72(p)	M	Distribution from an education IRA (Ed IRA)	P	*Excess contributions plus earnings/excess deferrals taxable in 1998 (See the explanation for Code 8.)	R	<i>Recharacterized IRA contribution (To another type of IRA by a trustee-to-trustee transfer or with the same trustee) (See Note.)</i>	S	*Early distribution from a SIMPLE IRA in first 2 years, no known exception ( <i>Do not use Code S if Code 3 or 4 applies.</i> )
Code	Category																																														
1	*Early distribution, no known exception ( <i>in most cases, under age 59 ½</i> )																																														
2	*Early distribution, exception applies [as defined in section 72(q), (t), or (v)] (other than Codes 3 or 4)																																														
3	*Disability																																														
4	*Death (includes payments to an estate or other beneficiary)																																														
5	*Prohibited transaction																																														
6	Section 1035 exchange ( <i>a tax-free exchange of life insurance, annuity, or endowment contracts</i> )																																														
7	*Normal distribution ( <i>Do not use if Code J or M applies.</i> )																																														
8	*Excess contributions plus earnings/excess deferrals (and/or earnings) taxable in 1999																																														
9	PS 58 costs ( <i>premiums paid by a trustee or custodian for current insurance protection</i> )																																														
A	May be eligible for 5- or 10-year tax option																																														
D	*Excess contributions plus earnings/excess deferrals taxable in 1997																																														
E	Excess annual additions under section 415																																														
F	Charitable gift annuity																																														
G	Direct rollover to IRA																																														
H	*Direct rollover to qualified plan or tax-sheltered annuity or the distribution is from a conduit IRA and is made payable to the trustee of or is transferred to an employer plan																																														
J	<i>Distribution from a Roth IRA. (This code may be used with Code 1, 2, 3, 4, 5, 8, or P.)</i>																																														
L	Loans treated as deemed distributions under section 72(p)																																														
M	Distribution from an education IRA (Ed IRA)																																														
P	*Excess contributions plus earnings/excess deferrals taxable in 1998 (See the explanation for Code 8.)																																														
R	<i>Recharacterized IRA contribution (To another type of IRA by a trustee-to-trustee transfer or with the same trustee) (See Note.)</i>																																														
S	*Early distribution from a SIMPLE IRA in first 2 years, no known exception ( <i>Do not use Code S if Code 3 or 4 applies.</i> )																																														

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**(14) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-R (Continued)**

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Field Position	Field Title	Length	Description and Remarks
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**\*If reporting an IRA, SEP, or SIMPLE distribution, use the IRA/SEP/SIMPLE Indicator of “1” (one) in position 548 of the Payee “B” Record.**

☛ **Note:** *The trustee of the first IRA must report the recharacterization as a distribution on Form 1099-R (and the original contribution and its character on Form 5498).*

547	Taxable Amount Not Determined Indicator	1	Enter “1” (one) only if the taxable amount of the payment entered for Payment Amount Field 1 (Gross distribution) of the “B” Record cannot be computed; otherwise, <b>enter blank</b> . [If Taxable Amount Not Determined Indicator is used, enter “0” (zeros) in Payment Amount Field 2 of the Payee “B” Record.] Please make every effort to compute the taxable amount.
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548	IRA/SEP/SIMPLE Indicator	1	Enter “1” (one) for an IRA, SEP, or SIMPLE; otherwise, <b>enter a blank</b> . (See <b>Note</b> .) If the IRA/SEP/SIMPLE Indicator is used, enter the amount of the distribution in Payment Amount Field A of the Payee “B” Record. <b>It is not necessary to mark the indicator for a distribution from a Roth or education IRA or for an IRA recharacterization.</b>
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☛ **Note:** For Form 1099-R, generally, report the total amount distributed from a traditional IRA, SEP, or SIMPLE in Payment Amount Field A (IRA/SEP/SIMPLE Distribution), as well as Payment Amount Field 1 (Gross Distribution) of the “B” Record. Refer to the “1999 Instructions for Forms 1099, 1098, 5498, and W-2G” for exceptions (Box 2a instructions).

549	Total Distribution Indicator (See <b>Note</b> )	1	Enter a “1” (one) only if the payment shown for Amount Code 1 is a total distribution that closed out the account; otherwise, <b>enter a blank</b> .
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☛ **Note:** A total distribution is one or more distributions within one tax year in which the entire balance of the account is distributed. Any distribution that does not meet this definition is not a total distribution.

550–551	Percentage of Total Distribution	2	Use this field when reporting a total distribution to more than one person, such as when a participant is deceased and a payer distributes to two or more beneficiaries. Therefore, if the percentage is 100, leave this field blank. If the percentage is a fraction, round off to the nearest whole number (for example, 10.4 percent will be 10 percent; 10.5 percent will be 11 percent). Enter the percentage received by the person whose TIN is included in positions 12-20 of the “B” Record. This field must be right justified, and unused positions must be zero-filled. If not applicable, <b>enter blanks</b> . Filers need not enter this information for any IRA distribution or for direct rollovers.
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552–662	Blank	111	<b>Enter blanks.</b>
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663–722	Special Data Entries	60	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. The state/payer’s state number, state distribution, name of locality, and/or local distribution can be entered in this field. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks</b> .
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**(14) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-R (Continued)**

Field Position	Field Title	Length	Description and Remarks
723–734	State Income Tax Withheld	12	State income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting state tax withheld, this field may be used as a continuation of the Special Data Entries field.
735–746	Local Income Tax Withheld	12	Local income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting local tax withheld, this field may be used as a continuation of the Special Data Entries field.
747–748	Combined Federal/State Code	2	If this payee record is to be forwarded to a state agency as part of the Combined Federal/State Filing Program, enter the valid state code from Part A, Sec. 16, Table 1. For those payers or states not participating in this program, <b>enter blanks</b> .
749–750	Blank	2	<b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.

**Payee “B” Record—Record Layout Positions 544-750 for Form 1099-R**

Blank	Distribution Code	Taxable Amount Not Determined Indicator	IRA/SEP/SIMPLE Indicator	Total Distribution Indicator
544	545–546	547	548	549

Percentage of Total Distribution	Blank	Special Data Entries	State Income Tax Withheld	Local Income Tax Withheld	Combined Federal/State Code	Blank or CR/LF
550–551	552–662	663–722	723–734	735–746	747–748	749–750

**(15) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-S**

Field Position	Field Title	Length	Description and Remarks
544–546	Blank	3	<b>Enter blanks.</b>
547	Property or Services Indicator	1	<b>Required.</b> Enter “1” (one) if the transferor received or will receive property (other than cash and consideration treated as cash in computing gross proceeds) or services as part of the consideration for the property transferred. Otherwise, <b>enter a blank</b> .
548–555	Date of Closing	8	<b>Required.</b> Enter the closing date in the format YYYYMMDD (e.g., 19991022). <b>Do not enter hyphens or slashes.</b>

☛ For dates with one-digit months (i.e., January–September) or days (i.e., 1–9), enter a zero before the month or day. January 2, 1999, would be 19990102. Do not enter blanks, alphas or special characters.

**(15) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-S**

Field Position	Field Title	Length	Description and Remarks
556–594	Address or Legal Description	39	<b>Required.</b> Enter the address of the property transferred (including city, state, and ZIP Code). If the address does not sufficiently identify the property, also enter a legal description, such as section, lot, and block. For timber royalties, enter “TIMBER.” If fewer than 39 positions are required, left justify information and fill unused positions with blanks.
595–662	Blank	68	<b>Enter blanks.</b>
663–722	Special Data Entries	60	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks.</b>
723–734	State Income Tax Withheld	12	State income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting state tax withheld, this field may be used as a continuation of the Special Data Entries Field.
735–746	Local Income Tax Withheld	12	Local income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting local tax withheld, this field may be used as a continuation of the Special Data Entries Field.
747–748	Blank	2	<b>Enter blanks.</b>
749–750	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (CR/LF) characters.

**Payee “B” Record - Record Layout Positions 544-750 for Form 1099-S**

Blank	Property or Services Indicator	Date of Closing	Address or Legal Description	Blank	Special Data Entries
544–546	547	548–555	556–594	595–662	663–722

State Income Tax Withheld	Local Income Tax Withheld	Blank	Blank or CR/LF
723–734	735–746	747–748	749–750

☛ **Note:** When reporting Form 1099-S, the “B” Record will reflect the seller/transferor information.

**(16) Payee “B” Record - Record Layout Positions 544-750 for Form 5498**

Field Position	Field Title	Length	Description and Remarks
544–546	Blank	3	<b>Enter blanks.</b>

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**(16) Payee “B” Record - Record Layout Positions 544-750 for Form 5498**

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Field Position	Field Title	Length	Description and Remarks
547	<b>IRA</b> Indicator (Individual Retirement Account)	1	<b>Required, if applicable.</b> Enter “1” (one) if only reporting a roll-over (Amount Code 2) or Fair Market Value (Amount Code 4) for an IRA. Otherwise, <b>enter a blank.</b>
548	<b>SEP</b> Indicator (Simplified Employee Pension)	1	<b>Required, if applicable.</b> Enter “1” (one) if only reporting roll-over (Amount Code 2) or Fair Market Value (Amount Code 4) for a SEP. Otherwise, <b>enter a blank.</b>
549	<b>SIMPLE</b> Indicator (Savings Incentive Match Plan for Employees)	1	<b>Required, if applicable.</b> Enter “1” (one) if only reporting a roll-over (Amount Code 2) or Fair Market Value (Amount Code 4) for a SIMPLE. Otherwise, <b>enter a blank.</b>
550	<b>Roth IRA</b> Indicator	1	<b>Required, if applicable.</b> Enter “1” (one) if only reporting a roll-over (Amount Code 2) or Fair Market Value (Amount Code 4) for a Roth IRA. Otherwise, <b>enter a blank.</b>
551	<b>Recharacterization Indicator</b>	1	<b>Required, if applicable.</b> Enter “1” (one) if reporting any recharacterization. Otherwise, <b>enter a blank.</b>
552	<b>Education IRA</b> Indicator	1	<b>Required, if applicable.</b> Enter “1” (one) if only reporting a roll-over (Amount Code 2) or Fair Market Value (Amount Code 4) for an Education IRA. Otherwise, <b>enter a blank.</b>
553–662	Blank	110	<b>Enter blanks.</b>
663–722	Special Data Entries	60	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks.</b>
723–746	Blank	24	<b>Enter blanks.</b>
747–748	Combined Federal/State Code	2	If this payee record is to be forwarded to a state agency as part of the Combined Federal/State Filing Program, enter the valid state code from Part A, Sec. 16, Table 1. For those payers or states not participating in this program, <b>enter blanks.</b>
749–750	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (CR/LF) characters.

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**Payee “B” Record - Record Layout Positions 544-750 for Form 5498**

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Blank	IRA Indicator	SEP Indicator	SIMPLE Indicator	Roth IRA Indicator	<i>Recharacterization Indicator</i>	Education IRA Indicator
544–546	547	548	549	550	551	552



**Payee “B” Record - Record Layout Positions 544-750 for Form 5498 (Continued)**

Blank	Special Data Entries	Blank	Combined Federal/ State Code	Blank or CR/LF
553–662	663–722	723–746	747–748	749–750

**(17) Payee “B” Record - Record Layout Positions 544-750 for Form 5498-MSA Information**

Field Position	Field Title	Length	Description and Remarks
544–546	<i>Blank</i>	3	<b>Enter blanks.</b>
547	<i>Medicare+ Choice Indicator</i>	1	<i>Enter “1” for Medicare+Choice MSA.</i>
548–662	<i>Blank</i>	115	<b>Enter blanks.</b>
663–722	<i>Special Data Entries</i>	60	<i>This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks.</b></i>
723–748	<i>Blank</i>	26	<b>Enter blanks.</b>
749–750	<i>Blank</i>	2	<b>Enter blanks, or carriage return/line feed (CR/LF) characters.</b>

**Payee “B” Record - Record Layout Positions 544-750 for Form 5498-MSA**

<i>Blank</i>	<i>Medicare + Choice MSA Indicator</i>	<i>Blank</i>	<i>Special Data Entries</i>	<i>Blank</i>	<i>Blank or CR/LF</i>
544–546	547	548–662	663–722	723–748	749–750

**(18) Payee “B” Record - Record Layout Positions 544-750 for Form W-2G**

Field Position	Field Title	Length	Description and Remarks	
544–546	Blank	3	<b>Enter blanks.</b>	
547	Type of Wager Code	1	<b>Required.</b> Enter the applicable type of wager code from the table below:	
			<i>Code</i>	<i>Category</i>
			1	Horse race track (or off-track betting of a horse track nature)
			2	Dog race track (or off-track betting of a dog track nature)
			3	Jai-alai
			4	State-conducted lottery
			5	Keno
			6	Bingo
			7	Slot machines
			8	Any other type of gambling winnings

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**(18) Payee “B” Record - Record Layout Positions 544-750 for Form W-2G (Continued)**

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Field Position	Field Title	Length	Description and Remarks
548–555	Date Won	8	<b>Required.</b> Enter the date of the winning transaction in the format YYYYMMDD (e.g., 19991022). <b>Do not enter hyphens or slashes.</b> This is not the date the money was paid, if paid after the date of the race (or game).  ☛ <i>For dates with one-digit months (i.e., January-September) or days (i.e., 1-9), enter a zero before the month or day. January 2, 1999, would be 19990102. Do not enter blanks, alphas or special characters.</i>
556–570	Transaction	15	<b>Required .</b> For state-conducted lotteries, enter the ticket or other identifying number. For keno, bingo, and slot machines, enter the ticket or card number (and color, if applicable), machine serial number, or any other information that will help identify the winning transaction. For all others, <b>enter blanks.</b>
571–575	Race	5	If applicable, enter the race (or game) relating to the winning ticket; otherwise, <b>enter blanks.</b>
576–580	Cashier	5	If applicable, enter the initials or number of the cashier making the winning payment; otherwise, <b>enter blanks.</b>
581–585	Window	5	If applicable, enter the window number or location of the person paying the winning payment; otherwise, <b>enter blanks.</b>
586–600	First ID	15	For other than state lotteries, enter the first identification number of the person receiving the winning payment; otherwise, <b>enter blanks.</b>
601–615	Second ID	15	For other than state lotteries, enter the second identification number of the person receiving the winnings; otherwise, <b>enter blanks.</b>
616–662	Blank	47	<b>Enter blanks.</b>
663–722	Special Data Entries	60	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks.</b>
723–734	State Income Tax Withheld	12	State income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting state tax withheld, this field may be used as a continuation of the Special Data Entries Field.
735–746	Local Income Tax Withheld	12	Local income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting local tax withheld, this field may be used as a continuation of the Special Data Entries Field.
747–748	Blank	2	<b>Enter blanks.</b>
749–750	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (CR/LF) characters.

**Payee "B" Record - Record Layout Positions 544-750 for Form W-2G**

Blank	Type of Wager Code	Date Won	Transaction	Race	Cashier	Window	First ID
544-546	547	548-555	556-570	571-575	576-580	581-585	586-600

Second ID	Blank	Special Data Entries	State Income Tax Withheld	Local Income Tax Withheld	Blank	Blank or CR/LF
601-615	616-662	663-722	723-734	735-746	747-748	749-750

**Sec. 11. End of Payer "C" Record - General Field Descriptions and Record Layout**

**.01** The End of Payer "C" Record is a fixed record length of 750 positions. The control total fields are each 18 positions in length.

**.02** The "C" Record consists of the total number of payees and the totals of the payment amount fields filed by a given payer and/or a particular type of return. The "C" Record must be written after the last "B" Record for each type of return for a given payer. For each "A" Record and group of "B" Records on the file, there must be a corresponding "C" Record.

**.03** In developing the "C" Record, for example, if a payer used Amount Codes 1, 3, and 6 in the "A" Record, the totals from the "B" Records would appear in Control Totals 1 (positions 16-33), 3 (positions 52-69), and 6 (positions 106-123) of the "C" Record. In this example, positions 34-51, 70-105, and 124-231 would be zero filled. Positions 232-748 would be blank filled.

**.04** Payers/Transmitters should verify the accuracy of the totals since data with missing or incorrect "C" Records will be returned for replacement.

**Record Name: End of Payer "C" Record**

Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter "C."
2-9	Number of Payees	8	<b>Required.</b> Enter the total number of "B" Records covered by the preceding "A" Record. Right justify information and fill unused positions with zeros.
10-15	Blank	6	<b>Enter blanks.</b>
16-33	Control Total 1	18	<b>Required.</b> Accumulate totals of any payment amount fields in the "B" Record into the appropriate control total fields of the "C" Record. <b>Control totals must be right justified and unused control total fields zero-filled.</b> All control total fields are 18 positions in length.
34-51	Control Total 2	18	
52-69	Control Total 3	18	
70-87	Control Total 4	18	
88-105	Control Total 5	18	
106-123	Control Total 6	18	
124-141	Control Total 7	18	
142-159	Control Total 8	18	
160-177	Control Total 9	18	

**Record Name: End of Payer “C” Record (Continued)**

Field Position	Field Title	Length	Description and Remarks
178–195	Control Total A	18	
196–213	Control Total B	18	
214–231	Control Total C	18	
232–748	Blank	517	<b>Enter blanks.</b>
749–750	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (CR/LF) characters.

**End of Payer “C” Record - Record Layout**

Record Type	Number of Payees	Blank	Control Total 1	Control Total 2	Control Total 3	Control Total 4	Control Total 5	Control Total 6
1	2–9	10–15	16–33	34–51	52–69	70–87	88–105	106–123

Control Total 7	Control Total 8	Control Total 9	Control Total A	Control Total B	Control Total C	Blank	Blank or CR/LF
124–141	142–159	160–177	178–195	196–213	214–231	232–748	749–750

**Sec. 12. State Totals “K” Record - General Field Descriptions and Record Layout**

**.01** The State Totals “K” Record is a fixed record length of 750 positions. The control total fields are each 18 positions in length.

**.02** The “K” Record is a summary for a given payer and a given state in the Combined Federal/State Filing Program, used **only** when state reporting approval has been granted.

**.03** The “K” Record will contain the total number of payees and the totals of the payment amount fields filed by a given payer for a given state. The “K” Record(s) must be written after the “C” Record for the related “A” Record.

**.04** In developing the “K” Record, for example, if a payer used Amount Codes 1, 3, and 6 in the “A” Record, the totals from the “B” Records coded for this state would appear in Control Totals 1, 3, and 6 of the “K” Record.

**.05** There **must** be a separate “K” Record for **each state** being reported..

**.06** Refer to Part A, Sec. 16, for the requirements and conditions that **must** be met to file via this program.

**(1) State Totals “K” Record - Record Layout Forms 1099-DIV, 1099-G, 1099-INT, 1099-MISC, 1099-OID, 1099-PATR, 1099-R, and 5498**

Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter “K.”
2–9	Number of Payees	8	<b>Required.</b> Enter the total number of “B” Records being coded for this state. Right justify information and fill unused positions with zeros.
10–15	Blank	6	<b>Enter blanks.</b>

**(1) State Totals “K” Record - Record Layout Forms 1099-DIV, 1099-G, 1099-INT, 1099-MISC, 1099-OID, 1099-PATR, 1099-R, and 5498 (Continued)**

Field Position	Field Title	Length	Description and Remarks
16–33	Control Total 1	18	<b>Required.</b> Accumulate totals of any payment amount fields in the “B” Records for each state being reported into the appropriate control total fields of the appropriate “K” Record. <b>Control totals must be right justified and unused control total fields zero-filled.</b> All control total fields are fields are 18 positions in length
34–51	Control Total 2	18	
52–69	Control Total 3	18	
70–87	Control Total 4	18	
88–105	Control Total 5	18	
106–123	Control Total 6	18	
124–141	Control Total 7	18	
142–159	Control Total 8	18	
160–177	Control Total 9	18	
178–195	Control Total A	18	
196–213	Control Total B	18	
214–231	Control Total C	18	
232–706	Blank	475	<b>Enter blanks.</b>
707–724	State Income Tax Withheld Total	18	State income tax withheld totals is for the convenience of the filers. Aggregate totals of the state income tax withheld field in the Payee “B” Record; otherwise, <b>enter blanks.</b>
725–742	Local Income Tax Withheld Total	18	Local income tax withheld totals is for the convenience of the filers. Aggregate totals of the local income tax withheld field in the Payee “B” Record; otherwise, <b>enter blanks.</b>
743–746	Blank	4	<b>Enter blanks.</b>
747–748	Combined Federal/ State Code	2	<b>Required.</b> Enter the code assigned to the state which is to receive the information. (Refer to Part A, Sec. 16, Table 1.)
749–750	Blank	2	<b>Enter blanks</b> or carriage return/line feed (CR/LF) characters.

**State Totals “K” Record - Record Layout Forms 1099-DIV, 1099-G, 1099-INT, 1099-MISC, 1099-OID, 1099-PATR, 1099-R, and 5498**

Record Type	Number of Payees	Blank	Control Total 1	Control Total 2	Control Total 3	Control Total 4	Control Total 5	Control Total 6
1	2–9	10–15	16–33	34–51	52–69	70–87	88–105	106–123

**State Totals “K” Record - Record Layout Forms 1099-DIV, 1099-G, 1099-INT, 1099-MISC, 1099-OID, 1099-PATR, 1099-R, and 5498 (Continued)**

Control Total 7	Control Total 8	Control Total 9	Control Total A	Control Total B	Control Total C	Blank	State Income Tax Withheld Total	Local Income Tax Withheld Total
124–141	142–159	160–177	178–195	196–213	214–231	232–706	707–724	725–742

Blank	Combined Federal/State Code	Blank or CR/LF
743–746	747–748	749–750

**Sec. 13. End of Transmission “F” Record - General Field Descriptions and Record Layout**

**.01 The End of Transmission “F” Record is a fixed record length of 750 positions.** The “F” Record is a summary of the number of payers in the entire file.

**.02** This record should be written after the last “C” Record (or last “K” Record, when applicable) of the entire file.

Record Name: End of Transmission “F” Record			
Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter “F.”
2–9	Number of “A” Records	8	Enter the total number of Payer “A” Records in the entire file (right justify and zero fill) or enter all zeros.
10–30	Zero	21	Enter zeros.
31–748	Blank	718	<b>Enter blanks.</b>
749–750	Blank	2	<b>Enter blanks</b> or carriage return/line feed (CR/LF) characters.

**End of Transmission “F” Record - Record Layout**

Record Type	Number of “A” Records	Zero	Blank	Blank or CR/LF
1	2–9	10–30	31–748	749–750

**Part C. Electronic Filing Specifications**

**Sec. 1. Background**

**.01** IRS/MCC is in the process of upgrading all of its hardware and software for electronic filing. Effective October 31, 1999, the Information Reporting Program-Bulletin Board System (IRP-BBS) and 3780 bisynchronous electronic filing systems will be discontinued. Starting November 1, 1999, users will be able to access the new electronic system via analog and ISDN BRI connections. Bisynchronous electronic filing will no longer be supported. The new system is designed to support the electronic filing of information returns only. The new telephone number for electronic filing is (1-304-262-2400). Publications and forms will no longer be electronically available from MCC. Users needing the publications and forms no longer available on the IRP-BBS will need to download them from the IRS’s Internet Web Site at [www.irs.ustreas.gov](http://www.irs.ustreas.gov) or order them by calling 1-800-TAX-FORM (1-800-829-3676).



## Sec. 2. Advantages of Filing Electronically

Some of the advantages of filing electronically are as follows: (1) Notification within 1-2 workdays as to the acceptability of the data transmitted.

(2) Later due dates than magnetic media or paper for electronically filed Forms 1099, 1098, and W-2G (refer to Part A, Section 10.01).

(3) Allowing more attempts than magnetic media filing to correct bad files before imposing penalties. (Refer to Part C, Section 6.05).

(4) Better customer service due to on-line availability of transmitters files for research purposes.

(5) Additional 45 days for testing - November 1, 1999, to January 31, 2000, instead of November 1, 1999, through December 15, 1999.

## Sec. 3. General

**.01** Electronic filing of Forms 1098, 1099, 5498, and W-2G, originals, corrections, and replacements of information returns is offered as an alternative to magnetic media (tape, tape cartridge, or diskette) or paper filing, but is not a requirement. Transmitters filing electronically will fulfill the magnetic media requirements for those payers who are required to file magnetically. It may also be used by payers who are under the filing threshold requirement, but would prefer to file their information returns this way. If the original file was sent magnetically, but was returned for replacement, the replacement may be transmitted electronically. Also, if the original file was submitted via magnetic media, any corrections may be transmitted electronically.

**.02** The electronic filing of information returns is not affiliated with the Form 1040 electronic filing program. These two programs are totally independent, and filers must obtain separate approval to participate in each of them. All inquiries concerning the electronic filing of information returns should be directed to IRS/MCC. IRS/MCC personnel cannot answer questions or assist taxpayers in the filing of Form 1040 tax returns. Filers with questions of this nature will be directed to the Customer Service toll-free number (1-800-829-1040) for assistance.

**.03** Files submitted to IRS/MCC electronically must be in standard ASCII code. No magnetic media or paper forms are to be submitted with the same information as the electronically submitted file.

**.04** If a request for extension is approved, transmitters who file electronically will be granted an extension of time to file. Part A, Sec. 11, explains procedures for requesting extensions of time. Filers are encouraged to file their data as soon as possible.

**.05** The formats of the "T", "A", "B", "C", "K", and "F" Records are the same for electronically filed records as they are for 3 1/2-inch diskettes, tapes, and tape cartridges, and must be in standard ASCII code. For electronically filed documents, each transmission is considered a separate file; therefore, each transmission **must** begin with a Transmitter "T" Record and end with an End of Transmission (EOT) "F" Record.

## Sec. 4. Electronic Filing Approval Procedure

**.01** Filers must obtain, or already have, a Transmitter Control Code (TCC) assigned prior to submitting their files electronically. (Filers who currently have a TCC for magnetic media filing do not have to request a second TCC for electronic filing.) Refer to Part A, Sec. 7, for information on how to obtain a TCC.

**.02** Once a TCC is obtained, electronic filers assign their own passwords and do not need prior or special approval.

**.03** With all passwords, it is the user's responsibility to remember the password and not allow the password to be compromised. Passwords are user assigned at first logon and are up to 8 alpha/numerics, which are case sensitive. However, if filers do forget their password, call 304-263-8700 for assistance.

**Note: Passwords are case sensitive.**

## Sec. 5. Test Files

**.01** Filers are not required to submit a test file; however, the submission of a test file is encouraged for all electronic filers because of the new hardware and software. If filers wish to submit an electronic test file for Tax Year 1999 (returns to be filed in 2000), it **must** be submitted to IRS/MCC **no earlier than** November 1, 1999, and **no later than** January 31, 2000.

**.02** If a filer encounters problems while transmitting the electronic test files, contact IRS/MCC for assistance.

**.03** Filers can verify the status of their transmitted test data by dialing the electronic filing system phone number (1-304-262-2400). This information will be available within 1-2 workdays after their transmission is received by IRS/MCC.

**.04** A test file is required from filers who want approval for the Combined Federal/State Filing Program. See Part A, Sec. 16, for further details.

## Sec. 6. Electronic Submissions

**.01** Electronically filed information may be submitted to IRS/MCC 24 hours a day, 7 days a week. Technical assistance will be available Monday through Friday between 8:30 a.m. and 4:30 p.m. Eastern Time by calling 304-263-8700.

**.02 Do not transmit data electronically from December 28, 1999, through January 5, 2000.** This will allow time for IRS/MCC to update their system to reflect current year changes.

**.03 Data compression is encouraged when submitting information returns electronically.** MCC has the ability to decompress files created using several popular software compression programs such as ARC, COMPRESS, LHARC, and PKZIP.

The time required to transmit information returns electronically will vary depending on the modem speed and the type of data compression used, if any. **The time required to transmit a file can be reduced by as much as 95 percent by using software compression and hardware compression.**

The following are actual transmission rates achieved in test uploads at MCC using compressed files. The actual transmission rates will vary depending on the modem speeds.

<i>Transmission Speed in bps</i>	<i>1000 Records</i>	<i>10,000 Records</i>	<i>100,000 Records</i>
<b>19.2K</b>	<b>34 Sec.</b>	<b>6 Min.</b>	<b>60 Min.</b>
<b>56K</b>	<b>20 Sec.</b>	<b>3½ Min.</b>	<b>33 Min.</b>
<b>128K (ISDN)</b>	<b>8 Sec.</b>	<b>1 Min.</b>	<b>10 Min.</b>

**.04 Files submitted electronically will be assigned a unique filename by the IRS system** (the users may name files anything they choose from their end). The IRS assigned filename will consist of, submission type [TEST, ORIG (original), CORR (correction), and REPL (replacement)], the filer's TCC and a four digit number sequence. The sequence number will be incremented for every file sent. For example, if it is your first original file for the calendar year and your TCC is 44444, the IRS assigned filename would be ORIG.44444.0001. Record the filename. This information will be needed by MCC in order to identify the file, if assistance is required, and to complete Form 4804.

**.05 If a file was submitted timely and is bad, the filer will have up to 60 days from the day the file was uploaded or 4 replacement attempts to transmit an acceptable file.** If an acceptable file is not received after 60 days or within 4 replacement attempts, then the payer could be subject to late filing penalties. This only applies to files originally sent electronically.

**.06 Filers are advised not to resubmit an entire file if records were omitted from the original transmission. This will result in duplicate filing. A new file should be sent consisting of the records that had not previously been submitted.**

**.07 The TCC in the Transmitter "T" Record must be the TCC used to transmit the file; otherwise, the file will be considered in error.**

## Sec. 7. Transmittal Requirements

**.01 The results of the electronic transmission will be available in the File Status area of the electronic system within 1-2 work-days; however, no further processing will occur until the signed Form 4804 is received. The Form 4804 must be postmarked by the due date of the return. No return is considered filed until a Form 4804 is received by IRS/MCC.**

**.02 Form 4804 can be ordered by calling the IRS toll-free forms and publication order number 1-800-TAX-FORM (1-800-829-3676), or it may be computer-generated. It may also be obtained from the IRS's Internet Web Site at [www.irs.ustreas.gov](http://www.irs.ustreas.gov).** If a filer chooses to computer-generate Form 4804, all of the information contained on the original form, including the affidavit, must also be contained on the computer-generated form.

**.03 The TCC used in the Transmitter "T" Record is the TCC which must appear on the transmittal Form 4804.**

**.04 Forms 4804 may be mailed to the following address:**

*If by Postal Service, air or truck freight:*  
IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Electronic Filing Coordinator**  
230 Murall Drive  
Kearneysville, WV 25430

**Please indicate on the envelope the following message:**  
**CONTAINS FORM 4804 INFORMATION - NO MAGNETIC MEDIA**

## Sec. 8. Electronic Filing Specifications

**.01 The Electronic Filing System is designed exclusively for the filing of Forms 1099, 1098, 5498, and W2-G.**

**.02 A transmitter must have a TCC before a file can be transmitted. If you have a TCC for magnetic media filing, that TCC can also be used for electronic filing.**

*.03 Filers can determine the acceptability of files submitted by checking the file status area of the system. These reports will be available on the electronic system in 1-2 workdays after the transmission is received by IRS/MCC.*

*.04 Contact the Electronic Filing System by dialing **304-262-2400**. This number supports analog connections from 1200bps to 56Kbps or ISDN BRI 128Kbps connections. The system can be accessed via Dial-up network/web browser or a communications software package such as Hyperterminal, Procomm, PCAnywhere, etc. The Dial-up network/web browser will provide an Internet-like look without going through the Internet (point to point). If you do not have this capability, a text interface will be provided that can be accessed via typical communications software and will perform similar to the former IRP-BBS.*

## **Sec. 9. Dial-up Network/Browser Specifications (Web Interface)**

*.01 Due to the large number of communication products available, it is impossible to provide specific information on a particular software package or hardware configuration. Filers should contact their software or hardware supplier for assistance. Your browser will need to be capable of file uploads (i.e., Internet Explorer 4.0, Netscape Navigator 2.0 or higher). The following are some general instructions (many of these settings may already be set by default in your software):*

*.02 Dial-up network settings:*

- (a) Set dial-up server type to PPP*
- (b) Set network protocol to TCP/IP*
- (c) Enable software compression*
- (d) Enable PPP LCP extensions*

*.03 Browser settings:*

- (a) Set to receive "cookies"*
- (b) Enable JavaScript or Jscript*
- (c) Browser must be capable of file uploads (i.e., Internet Explorer 4.0, Netscape 2.0 or higher)*
- (d) Enter the URL address of <http://10.225.224.2>*

## **Sec. 10. Communication Software Specifications (Text Interface)**

*.01 Communications software settings should be:*

- No parity*
- Eight data bits*
- One stop bit*
- Full duplex*

## **Sec. 11. Modem Configuration**

*.01 Hardware features*

- (a) Enable hardware flow control*
- (b) Enable modem error control*
- (c) Enable modem compression*

## **Sec. 12. Logon Procedures**

*.01 The first time you log on to the electronic system, you will need to create a new account. After completing the registration information, you will be prompted for a user name and password. Passwords are assigned by the user at first logon and are up to 8 alpha/numerics which are case sensitive. Remember your **exact** user name and password for future reference. If you forget your user name and/or password, call IRS/MCC at 304-263-8700 for assistance.*

*.02 Once you are an established user, select the logon option and then you will be prompted for your logon name and password. Once you have entered this information, you will be at the Main Menu. Select one of the following options:*

- (a) Electronic Filing - this option will allow you to send your files and provide us with current mailing address information in case we need to send any correspondence.*
- (b) File Status - this option will display the results of your file transfer and will be posted in this area after 1-2 business days.*

## **Sec. 13. Common Problems Associated with Electronic Filing**

*.01 Refer to Part A, Sec. 19, for common format errors associated with magnetic/electronic files.*

*.02 The following are the major non-format errors associated with electronic filing:*

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### **1. No Form 4804, Transmittal of Information Returns Reported Magnetically/Electronically.**

*Even though you have sent your information returns electronically, you still need to mail a signed Form 4804 by the due date of the return. See Part C, Sec. 7.04, for the mailing address.*

**2. Transmitter does not dial back to the electronic system to determine file acceptability.**

Within 1-2 business days, the results of your file transmission will be posted under the option called File Status. It is very important that you check this option because if your file is bad and we do not receive a timely replacement, you could be subject to a late filing penalty.

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**3. Transmitter compresses several files into one.**

Only compress one file at a time. For example, if you have 10 uncompressed files to send, compress each file separately and send 10 separate compressed files.

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**4. Transmitter sends a file and File Status indicates that the file is good, but the transmitter wants to send a replacement or correction file to replace the original/correction/replacement file.**

*Once a file has been transmitted, you cannot send a replacement file unless File Status indicates the file is bad (1-2 business days after file was transmitted). If you do not want us to process the file, you must first contact us at 304-263-8700 to see if this is a possibility. However, this will count as a replacement. (See Part A. Sec. 17, for the definition of replacement.)*

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**5. Transmitter sends an original file that is good, then sends a correction file for the entire file even though there are only a few changes.**

*The correction file, containing the proper coding, should only contain the records needing correction, not the entire file.*

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**6. File is formatted as EBCDIC.**

*All files submitted electronically must be in standard ASCII code.*

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## **Part D. Magnetic/Electronic Specifications For Extensions of Time**

### **Sec. 1. General**

**.01** The specifications in Part D include the required 200-byte record format for extensions of time to file requests submitted magnetically or electronically. Also included are the instructions for the information that is to be entered in the record. **Filers are advised to read this section in its entirety to ensure proper filing.**

**.02** Only filers who have been assigned a Transmitter Control Code may request an extension of time magnetically or electronically. If you meet the threshold of more than 50 payers when requesting an extension but are below the 250 documents threshold, you must still submit a Form 4419, Application for Filing Information Returns Magnetically/Electronically. Requests for extensions of time may be made for Forms 1098, 1099, 5498, W-2G, W-2, 1042-S and 8027.



**.03** For Tax Year 1999 (returns due to be filed in 2000), transmitters requesting an extension of time to file for **more than 50 payers (not payees) are required to file the extension request magnetically or electronically.** Transmitters requesting an extension of time for 10 to 50 payers (not payees) are encouraged to file the request magnetically or electronically. The request may be filed on tape, tape cartridge, 3 ½-inch diskette, or electronically.

**.04** For extension requests filed on magnetic media, the transmitter must mail the completed, signed Form 8809, Request for Extension of Time To File Information Returns, in the same package as the corresponding media or *fax it to 304-264-5602*. For extension requests filed electronically, the transmitter must FAX the Form 8809 the same day the transmission is made.

**.05** **Transmitters submitting an extension of time magnetically or electronically should not submit a list of payer names and TINs with the Form 8809 since this information is included on the magnetic or electronic file. However, Line 6 of the Form 8809 must be completed with the total number of records included on the magnetic media or electronic file.**

**.06** To be considered, an extension request must be postmarked or transmitted by the due date of the returns; otherwise, the request will be denied.

**.07** A magnetically-filed request for an extension of time should be sent using the following address:

If by Postal Service, truck or air freight:    
IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Extension of Time Coordinator**  
**240 Murall Drive**  
**Kearneysville, WV 25430**



☛ **Note:** Due to the large volume of mail received by IRS/MCC and the time factor involved in processing the Form 8809, it is imperative that the attention line be present on all envelopes or packages containing Extension of Time (EOT) requests.

**.08** Requests for extensions of time to file postmarked by the United States Postal Service on or before the due date of the returns, and delivered by United States mail to the IRS/MCC after the due date, are treated as timely under the “timely mailing as timely filing” rule. A similar rule applies to designated private delivery services (PDSs). See Part A, Sec. 10, for more information on PDSs. For requests delivered by a designated PDS, but through a non-designated service, the actual date of receipt by IRS/MCC will be used as the filing date.

**.09** Transmitters who submit their extensions of time requests magnetically or electronically will receive a letter from IRS/MCC with an attached list of the payers, based on information contained in the file, specifying approval and/or denial.

**.10** Do not submit tax year 1999 extensions of time to file requests on magnetic media before *January 1, 2000* or electronically before *January 6, 2000*.

**.11** Filers may request an extension of time **as soon as they are aware** that an extension is necessary but not later than the due date of the return. It will take a minimum of 30 days for IRS/MCC to respond to an extension request. Under certain circumstances a request for an extension of time could be denied. In such cases, the transmitter receives a denial letter. When this denial letter is received, the transmitter has 20 days to provide the additional or necessary information and resubmit the extension request to IRS/MCC.

**.12** Each piece of magnetic media **must** have an external media label containing the following information:

- (a) Transmitter name
- (b) Transmitter Control Code (TCC)
- (c) Tax year
- (d) The words “Extension of Time”
- (e) Record count

**.13** A request for an extension of time to file is not automatically granted. Approval or denial is dependent on information provided on the Form 8809. *If the Form 8809 is not completed properly, processing may be delayed or the request may be denied.*

**.14** If the first request for an extension of time to file was submitted magnetically or electronically, additional extension requests should be submitted in the same manner.

**.15** If an additional extension of time is needed, a second Form 8809 and file may be submitted before the end of the initial extension period with a postmark reflecting the date mailed. Line 7 on the form should be checked to indicate that the original extension has been received and the additional extension is being requested.

**.16** See Part A, Sec. 11, for complete information on requesting an extension of time to file information returns. If there are additional questions or concerns, contact IRS/MCC.

## **Sec. 2. Magnetic Tape, Tape Cartridge, 8mm, 4mm and QIC (Quarter Inch Cartridge), 3 ½-inch Diskette and Electronic Specifications**

**.01** Tape specifications are as follows:

- (a) 9 track.
- (b) EBCDIC (Extended Binary Coded Decimal Interchange Code) or ASCII (American Standard Coded Information Interchange) recording mode.
- (c) 1600 or 6250 BPI.
- (d) A block must not exceed 32,600 tape positions and must be a multiple of 200.
- (e) Record length of 200 bytes.
- (f) Labeled or unlabeled tapes may be submitted.

**.02** Tape cartridge specifications are as follows:

- (a) Must be IBM 3480, 3490, or AS400 compatible.
- (b) Must meet American National Standard Institute (ANSI) standards and have the following characteristics:
  - (1) Tape cartridges will be ½-inch tape contained in plastic cartridges which are approximately 4-inches by 5-inches by 1-inch in dimension.
  - (2) Magnetic tape will be chromium dioxide particle based ½-inch tape.
  - (3) Cartridges will be 18-track or 36-track parallel. Indicate on the external media label if the tape cartridge is 18- or 36-track.
  - (4) Mode will be full function.
  - (5) The data may be compressed using EDRC (Memorex) or IDRC (IBM) compression.
  - (6) Either EBCDIC or ASCII.
- (c) A block must not exceed 32,600 tape positions and must be a multiple of 200.
- (d) Record length of 200 bytes.
- (e) Labeled or unlabeled tape cartridges may be submitted.

### .03 8mm, 4mm, and Quarter Inch Cartridge Specifications

- (a) In most instances, IRS/MCC can process 8mm tape cartridges that meet the following specifications:
- (1) Must meet American National Standard Institute (ANSI) standards, and have the following characteristics:
    - (a) Created from an AS400 operating system **only**.
    - (b) 8mm (.315-inch) tape cartridges will be 2¼-inch by 3¼-inch.
    - (c) The 8mm tape cartridges must meet the following specifications:

Tracks	Density	Capacity
1	20 (43245 BPI)	2.5 Gb
1	21 (45434 BPI)	5 Gb

- (d) Mode will be full function.
  - (e) **Compressed data is not acceptable.**
  - (f) Either EBCDIC (Extended Binary Coded Decimal Interchange Code) or ASCII (American Standard Coded Information Interchange) may be used. However, IRS/MCC encourages the use of EBCDIC. This information must appear on the external media label affixed to the cartridge.
  - (g) A file may consist of more than one cartridge; however, no more than 250,000 documents may be transmitted per file or per cartridge. The filename, for example; IRSEOT, will contain a three digit extension. The extension will indicate the sequence of the cartridge within the file, 1 of 3, 2 of 3, or 3 of 3, and would appear in the header label IRSEOT.001, IRSEOT.002, and IRSEOT.003 on each cartridge of the file.
- (2) The 8mm (.315-inch) tape cartridge records defined in this revenue procedure may be blocked subject to the following:
- (a) A block must not exceed 32,600 tape positions.
  - (b) If the use of blocked records would result in a short block, all remaining positions of the block must be filled with 9's; however, the last block of the file may be filled with 9's or truncated. Do not pad a block with blanks.
  - (c) All records, except the header and trailer labels, may be blocked or unblocked. A record may not contain any control fields or block descriptor fields which describe the length of the block or the logical records within a block. The number of logical records within a block (the blocking factor) must be constant in every block with the exception of the last block which may be shorter (see item (b) above). The block length must be evenly divisible by 200.
  - (d) Various SAVE commands have been successful, however, the **SAVE OBJECT COMMAND is not acceptable.**
  - (e) Records may not span blocks.
- (3) For faster processing, IRS/MCC encourages transmitters to use header labeled cartridges. IRSEOT may be used as a suggested filename.
- (4) For the purposes of this revenue procedure, the following must be used:
- Tape Mark:
- (a) Signifies the physical end of the recording on tape.
  - (b) For even parity, use BCD configuration 001111 (8421).
  - (c) May follow the header label and precede and/or follow the trailer label.
- (5) IRS/MCC can only read one data file on a tape. A data file is a group of records which may or may not begin with a tapemark, but must end with a trailer label. Any data beyond the trailer label cannot be read by IRS programs.
- (a) 4mm (.157-inch) cassettes are now acceptable with the following specifications:
    - (1) 4mm cassettes will be 2 ¼-inch by 3-inch.
    - (2) The tracks are 1 (one).
    - (3) The density is 19 (61000 BPI).
    - (4) The typical capacity is DDS (DAT data storage) at 1.3 Gb or 2 Gb, or DDS-2 at 4 Gb.
    - (5) The general specifications for 8mm cartridges will also apply to the 4mm cassettes.
  - (b) Various Quarter Inch Cartridges (QIC) (¼-inch) are also acceptable.
    - (1) QIC cartridges will be 4" by 6".
    - (2) QIC cartridges must meet the following specifications:

Size	Tracks	Density	Capacity
QIC-24	8/9	5 (8000 BPI)	45Mb or 60Mb
QIC-120	15	15 (10000 BPI)	120Mb or 200Mb
QIC-150	18	16 (10000 BPI)	150Mb or 250Mb
QIC-525	26	17 (16000 BPI)	525Mb
QIC-1000	30	21 (36000 BPI)	1Gb
QIC-2Gb	42	34 (40640 BPI)	2Gb



(3) The general specifications that apply to 8mm cartridges will also apply to QIC cartridges.

**.04** Diskette specifications are as follows:

- (a) 3 ½-inches in diameter.
- (b) ASCII recording mode **only**. Additional specifications may be found in Part B, Sec. 5, of this revenue procedure.
- (c) Record length of 200 bytes.
- (d) Diskettes must be created using the MS-DOS operating system.
- (e) Filename of IRSEOT must be used. No other filenames are acceptable. If a file will consist of more than one diskette, the filename IRSEOT will contain a three-digit extension. This extension will indicate the sequence of the diskettes within the file. For example, the first diskette will be named IRSEOT.001, the second diskette will be name IRSEOT.002, etc.
- (f) Delimiter character commas (,) or quotes (") must not be used.
- (g) Positions 199 and 200 of each record have been reserved for use as carriage return/line feed (cr/lf) characters, if applicable.

**.05 Electronic Filing specifications (See Note.)**

- (a) *A transmitter must have a Transmitter Control Code (TCC).*
- (b) *Filers can determine the acceptability of files submitted by checking the file status area of the system. These reports will be available on the electronic system within 5 business days if the Form 8809 is received timely by IRS/MCC.*

☛ **Note:** See Part C, *Electronic Filing Specifications*, for detailed information on filing with IRS/MCC electronically.


### Sec. 3. Record Layout

**.01** Positions 6 through 185 of the following record should contain information about the payer for whom the extension of time to file is being requested. Do not enter transmitter information in these fields. **Only one TCC may be present in a file.**

Record Layout for Extension of Time			
Field Position	Field Title	Length	Description and Remarks
1–5	Transmitter Control Code	5	<b>Required.</b> Enter the five digit Transmitter Control Code (TCC) issued by IRS. <b>Only one TCC per file is acceptable.</b>
6–14	Payer TIN	9	<b>Required.</b> Must be the valid nine-digit EIN/SSN assigned to the payer. <b>Do not enter blanks, hyphens or alpha characters.</b> All zeros, ones, twos, etc. will have the effect of an incorrect TIN. For foreign entities that are not required to have a TIN, this field may be blank; however, the Foreign Entity Indicator, position 187, <b>must</b> be set to "X."
15–54	Payer Name	40	<b>Required.</b> Enter the name of the payer whose TIN appears in positions 6–14. Left justify information and fill unused positions with blanks.
55–94	Second Payer Name	40	If additional space is needed this field may be used to continue name line information (e.g., c/o First National Bank); otherwise, <b>enter blanks.</b>
95–134	Payer Address	40	<b>Required.</b> Enter the payer's address. Street address should include number, street, apartment or suite number (or P.O. Box if mail is not delivered to a street address).
135–174	Payer City	40	<b>Required.</b> Enter the payer's city, town, or post office.
175–176	Payer State	2	<b>Required.</b> Enter the payer's valid U.S. Postal Service state abbreviation. (Refer to Part A, Sec. 18.)
177–185	Payer ZIP Code	9	<b>Required.</b> Enter the payer's ZIP Code. If using a five-digit ZIP Code, left justify information and fill unused positions with blanks.
186	Document Indicator (See Note)	1	<b>Required.</b> Enter the document for which you are requesting an extension of time using the following code:

### Record Layout for Extension of Time

Field Position	Field Title	Length	Description and Remarks
			<i><b>Code</b></i> <i><b>Document</b></i>
			1      W-2
			2      1098, 1098-E, 1098-T, 1099-A, 1099-B, 1099-C, 1099-DIV, 1099-G, 1099-INT, 1099-LTC, 1099-MISC, 1099-MSA, 1099-OID, 1099-PATR, 1099-R, 1099-S, or W-2G
			3      5498
			4      1042-S
			5      REMIC Documents (1099-INT or 1099-OID)
			6      5498- MSA

 **Note:** Do not enter any other values in this field. Submit a separate record for each document. For example, if you are requesting an extension for Form 1099-INT and Form 5498 for the same payer, submit one record with “2” coded in this field and another record with “3” coded in this field. If you are requesting an extension for Form 1099-DIV and Form 1099-MISC for the same payer, submit one record with “2” coded in this field.

187	Foreign Entity Indicator	1	Enter character “X” if the payer is a foreign entity.
188–198	Blank	11	<b>Enter blanks.</b>
199–200	Blank	2	<b>Enter blanks.</b> Diskette filers may code the ASCII carriage return/line feed (CR/LF) characters.

### Extension of Time Record Layout

Transmitter Control Code	Payer TIN	Payer Name	Second Payer Name	Payer Address	Payer City	Payer State
1–5	6–14	15–54	55–94	95–134	135–174	175–176



  

Payer ZIP Code	Document Indicator	Foreign Entity Indicator	Blank	Blank or CR/LF
77–185	186	187	188–198	199–200

## Part E. Miscellaneous Information



### Sec. 1. Addresses for Martinsburg Computing Center

To submit an application to file, correspondence, and magnetic media files, use the following:

Mailing by U. S. Postal Service, truck or air freight:  

IRS—Martinsburg Computing Center  
Information Reporting Program  
**230 Murall Drive**  
**Kearneysville, WV 25430**

To submit magnetically filed and paper extension of time requests and waiver request (forms), use the following address:

Mailing by U.S. Postal Service, truck or air freight:  

IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Extension of Time Coordinator**  
**240 Murall Drive**  
**Kearneysville, WV 25430**

## Sec. 2. Telephone Numbers for Contacting IRS/MCC

**Information Reporting Program Call Site: 304-263-8700** 

**Between 8:30 a.m. and 4:30 p.m. Eastern Time**  
**Monday through Friday**

**Electronic Filing - 1-304-262-2400**

**Telecommunication Device for the Deaf (TDD): 304-267-3367**

**Information Returns FAX Machine: 304-264-5602**



**HOURS OF OPERATION -**  
**24 HOURS A DAY**  
**7 DAYS A WEEK**

**This is the end of Publication 1220 for Tax Year 1999.**

*26 CFR 601.105: Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability.*

### Rev. Proc. 99-30

#### SECTION 1. PURPOSE

This revenue procedure provides the domestic asset/liability percentages and domestic investment yields needed by foreign life insurance companies and foreign property and liability insurance companies to compute their minimum effectively connected net investment income under section 842(b) of the Internal Revenue Code for taxable years beginning after December 31, 1997. Instructions are provided for computing foreign insurance companies' liabilities for the estimated tax and installment payments of estimated tax for taxable years beginning after December 31, 1997. For more specific guidance regarding the computation of the amount of net investment income to be in-

cluded by a foreign insurance company on its U.S. income tax return, see Notice 89-96, 1989-2 C.B. 417. For the domestic asset/liability percentage and domestic investment yield, as well as instructions for computing foreign insurance companies' liabilities for estimated tax and installment payments of estimated tax for taxable years beginning after December 31, 1996, see Rev. Proc. 98-31, 1998-23 I.R.B. 9.

#### SECTION 2. CHANGES

.01 DOMESTIC ASSET/LIABILITY PERCENTAGES FOR 1998. The Secretary determines the domestic asset/liability percentage separately for life insurance companies and property and liability insurance companies. For the first taxable year beginning after December 31, 1997, the relevant domestic asset/liability percentages are:

117.4 percent for foreign life insurance companies, and

174.3 percent for foreign property and liability insurance companies.

.02 DOMESTIC INVESTMENT YIELDS FOR 1998. The Secretary is required to prescribe separate domestic investment yields for foreign life insurance companies and for foreign property and liability insurance companies. For the first taxable year beginning after December 31, 1997, the relevant domestic investment yields are:

7.6 percent for foreign life insurance companies, and

5.8 percent for foreign property and liability insurance companies.

.03 SOURCE OF DATA FOR 1998. The section 842(b) percentages to be used for the 1998 tax year are based on tax return data rather than annual statement data.

With regard to future updates of the section 842(b) percentages, the Service noted in Rev. Proc. 98-31 that it was considering the use of statistical sampling

techniques to collect data from the tax returns of domestic insurance companies. The sampling technique considered was the same used to select insurance company tax returns in IRS Statistics Division's Publication 16 (section 3 thereof). Although the Service solicited comments in Rev. Proc. 98-31 addressing the use of this statistical sampling technique to calculate the section 842(b) percentages, none were received. The Service has assessed the accuracy of using sampling techniques and found that percentages based on statistical sampling techniques would be reliable. However, the cost of obtaining population estimates of the applicable percentages does not warrant reliance on a sampling technique. Thus, the percentages for the 1998 tax year are based on the population of tax returns.

### SECTION 3. APPLICATION — ESTIMATED TAXES

To compute estimated tax and the installment payments of estimated tax due for taxable years beginning after Decem-

ber 31, 1997, a foreign insurance company must compute its estimated tax payments by adding to its income other than net investment income the greater of (i) its net investment income as determined under section 842(b)(5), that is actually effectively connected with the conduct of a trade or business within the United States for the relevant period, or (ii) the minimum effectively connected net investment income under section 842(b) that would result from using the most recently available domestic asset/liability percentage and domestic investment yield. Thus, for installment payments due after the release of this revenue procedure, the domestic asset/liability percentages and the domestic investment yields provided in this revenue procedure must be used to compute the minimum effectively connected net investment income. However, if the due date of an installment is less than 20 days after the date this revenue procedure is published in the Internal Revenue Bulletin, the asset/liability percentages and domestic investment

yields provided in Rev. Proc. 98-31 may be used to compute the minimum effectively connected net investment income for such installment. For further guidance in computing estimated tax, see Notice 89-96.

### SECTION 4. EFFECTIVE DATE

This revenue procedure is effective for taxable years beginning after December 31, 1997.

### DRAFTING INFORMATION

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## Part IV. Items of General Interest

### Tables in Publication 1212, *List of Original Issue Discount Instruments*

#### Announcement 99-71

The original issue discount tables of Publication 1212 will not be available electronically from the IRS bulletin board (IRS-BBS) in Martinsburg, WV, after October 1999. Beginning November 1999, these tables will be available on the IRS Internet web site at [www.irs.ustreas.gov](http://www.irs.ustreas.gov).

### Foreign Contingent Debt; Request for Comments

#### Announcement 99-76

##### I. Summary.

The Department of Treasury ("Treasury") and the Internal Revenue Service (the "Service") intend, in the near future, to withdraw the proposed regulations under section 988 regarding contingent payment debt instruments, dual currency debt instruments and multi-currency debt instruments and are considering how new proposed regulations under section 988 should treat these types of debt instruments. This announcement is intended to apprise taxpayers of the general approach currently being considered by Treasury and the Service with respect to the taxation of contingent payment debt instruments that provide for payments denominated in or determined by reference to a nonfunctional currency ("nonfunctional currency contingent instruments") and to request comments regarding the proper treatment of these instruments. This announcement also provides details regarding the specific rules under consideration and presents examples of the application of these rules to nonfunctional currency contingent instruments.

##### II. Background.

On March 17, 1992, Treasury and the Service issued proposed regulations §§ 1.988-1(a)(3),(4) and (5), regarding contingent payment debt instruments, dual currency debt instruments and multi-currency debt instruments. The proposed

regulations followed the general approach in the then proposed § 1.1275-4(g) contingent payment debt regulations (LR-189-84, 51 F.R. 12022 (1986), amended FI-189-84 56 F.R. 8308 (1991)) and bifurcated debt instruments into contingent and noncontingent components. After an instrument was bifurcated, the proposed regulations applied the rules in § 1.988-1 through -5, as appropriate, to the resulting components.

On December 16, 1994, Treasury and the Service did not adopt the bifurcation approach by withdrawing the then proposed § 1.1275-4(g) regulations. At the same time, they proposed a new set of § 1.1275-4 regulations that adopted the "noncontingent bond method." Under the noncontingent bond method, interest is accrued on the issue price of the instrument at a rate equal to the comparable yield. Such a yield is the yield at which an issuer would issue a fixed rate debt instrument with terms and conditions similar to those of the contingent payment debt instrument. The interest on the debt instrument is original issue discount and, therefore, is taken into account as it accrues, regardless of the taxpayer's normal method of accounting. The comparable yield is used to construct a projected payment schedule for the debt instrument, which includes a projected amount for each contingent payment.

If the actual amount of a contingent payment is greater than the projected amount, the difference is additional interest. If the actual amount of a contingent payment is less than the projected amount, the difference generally offsets current interest accruals. In some cases, the difference may result in a loss to the holder and income to the issuer. The proposed § 1.1275-4 regulations were finalized on June 14, 1996.

Treasury and the Service believe that proposed regulations §§ 1.988-1(a)(3),(4) and (5) should now be withdrawn and re-proposed since they incorporate the bifurcation approach rather than the noncontingent bond method ultimately adopted under § 1.1275-4. Treasury and the Service continue to believe that, for purposes of accounting for interest and principal on nonfunctional currency contingent instru-

ments, the principles that govern the accounting for interest and principal of functional currency contingent payment debt instruments should apply. Treasury and the Service believe that providing a consistent set of rules in this area is in the best interests of taxpayers. In addition, Treasury and the Service are concerned that, in the absence of regulations requiring the application of the principles of § 1.1275-4 to nonfunctional currency contingent instruments, taxpayers can avoid the application of these principles by denominating contingent payment debt instruments in a nonfunctional currency.

##### III. General Approach Under Study.

Treasury and the Service generally believe that with respect to nonfunctional currency contingent instruments issued for money or publicly traded property, regulations should apply the principles of § 1.1275-4(b) in the nonfunctional currency and provide for the translation of interest and principal into functional currency by applying principles similar to those that apply under section 988 to instruments with original issue discount. As explained further below, application of § 1.1275-4(b) principles to nonfunctional currency contingent instruments generally would require taxpayers to (i) accrue interest in the nonfunctional currency at a yield at which the issuer would issue a fixed rate debt instrument denominated in the nonfunctional currency with terms and conditions similar to those of the nonfunctional currency contingent debt instrument, (ii) translate the interest accrued from the nonfunctional currency into the functional currency (and account for foreign exchange gain or loss) under the principles of section 988, and (iii) account for gain or loss arising from non-currency contingencies consistent with the rules of § 1.1275-4(b).

##### IV. Description of Instruments.

Treasury and the Service have identified three classes of instruments for which guidance is needed: (1) debt instruments for which all payments of principal and interest are denominated in, or determined by reference to, a single nonfunctional currency and which have one or



more non-currency contingencies, (2) debt instruments for which payments of principal or interest are denominated in, or determined by reference to, more than one currency and which have no non-currency contingencies, and (3) debt instruments for which payments of principal or interest are denominated in, or determined by reference to, more than one currency and which also have one or more non-currency contingencies. Throughout this announcement these instruments will be referred to as Class One, Class Two and Class Three instruments, respectively.

#### *A. Class One Instruments.*

##### *1. In general.*

Class One instruments are debt instruments for which all payments of principal and interest are denominated in, or determined by reference to, a single nonfunctional currency and which have one or more non-currency contingencies. For example, with respect to a taxpayer whose functional currency is the U.S. dollar, a debt instrument issued by the taxpayer is a Class One instrument if the instrument is denominated in British pounds and provides for a payment at maturity that is contingent on the value of the stock of an unrelated corporation.

Treasury and the Service are contemplating a regulatory approach that would apply the principles of § 1.1275-4(b) to Class One instruments issued for money or publicly traded property. Under this approach, taxpayers would accrue interest under the noncontingent bond method in the nonfunctional currency. For example, an issuer of the above-described debt instrument would first determine the comparable yield of the instrument, i.e., the yield at which the issuer would issue a fixed rate instrument in British pounds with terms and conditions similar to those of the instrument actually being issued. Second, the issuer would construct a projected payment schedule applying that yield. Third, the amount of interest accrued in each taxable year would be based on the comparable yield and translated into dollars under the principles of section 988. Fourth, the issuer and holders would account for differences between the projected amount of payments and the actual amount of payments (i.e., so-called “positive adjustments” and “negative adjust-

ments”) under rules similar to those in § 1.1275-4(b). Finally, foreign currency gain or loss would be determined with respect to accrued interest and principal. A more specific explanation of this approach and two examples of the potential application of these principles are set forth below.

Treasury and the Service are concerned that, under some circumstances, an issuer may have difficulties in determining the comparable yield at which it would issue a comparable nonfunctional currency fixed rate debt instrument. These difficulties may include a lack of adequate information about the yield at which the issuer could issue a comparable fixed rate debt instrument denominated in the nonfunctional currency with terms and conditions that are similar to those of the nonfunctional currency contingent instrument. Treasury and the Service request comments regarding this and other circumstances where computation of the comparable yield would be difficult and suggestions for addressing such circumstances.

##### *2. Rules For Accrual and Translation.*

###### *(a) Accrual of interest and determination of positive and negative adjustments.*

Pursuant to the approach under study, interest on a Class One instrument is accrued each taxable year in the nonfunctional currency at the comparable yield (determined in that nonfunctional currency) and translated into functional currency at the average exchange rate or, at the taxpayer's election, at the appropriate spot rate in accordance with the rules under § 1.988-2(b)(2)(iii)(B). A net positive adjustment, within the meaning of § 1.1275-4(b)(6), determined in the nonfunctional currency is treated as interest and translated from nonfunctional currency into the taxpayer's functional currency at the spot rate on the date the adjustment was taken into account.

A net negative adjustment, within the meaning of § 1.1275-4(b)(6), determined in nonfunctional currency first reduces interest that otherwise would be accrued by the taxpayer during the current tax year in the nonfunctional currency. Where a net negative adjustment exceeds the interest that otherwise would be accrued by the taxpayer during the current tax year in the

nonfunctional currency, the excess is treated as an ordinary loss (if the taxpayer is a holder) or ordinary income (if the taxpayer is the issuer).

The amount treated as ordinary loss by a holder, however, is limited to the amount by which the holder's total interest inclusions on the debt instrument (determined in nonfunctional currency prior to translation into functional currency) exceed the total amount of the holder's net negative adjustments treated as ordinary loss on the debt instrument in prior taxable years (determined in nonfunctional currency). The amount treated as ordinary income by an issuer is limited to the amount by which the issuer's total interest deductions on the debt instrument (determined in nonfunctional currency prior to translation into functional currency) exceed the total amount of the issuer's net negative adjustments treated as ordinary income on the debt instrument in prior taxable years (determined in nonfunctional currency).

If the negative adjustment determined in nonfunctional currency exceeds the sum of the amounts treated as a reduction of interest income and as ordinary loss to the holder (or interest expense and ordinary income to the issuer) on the debt instrument for the taxable year, the excess is treated as a “negative adjustment carryforward” within the meaning of § 1.1275-4(b)(6). A negative adjustment carryforward arising in a year preceding the year of termination of the debt instrument is carried forward and treated as a negative adjustment denominated in nonfunctional currency in the immediately succeeding taxable year. A negative adjustment carryforward arising in the year of termination reduces (in the nonfunctional currency) the amount realized by the holder on such termination. For purposes of this reduction, both the negative adjustment carryforward and the amount realized are denominated in the nonfunctional currency. If an issuer has a negative adjustment carryforward in the year in which the debt instrument is terminated, the issuer recognizes ordinary income equal to the amount of the unutilized carryforward (computed in the nonfunctional currency and translated into functional currency at the spot rate on the date the instrument was issued).



(b) *Translation of adjustments.*

After determining the amount of a positive or negative adjustment, it may be necessary to translate such amount into functional currency. As previously stated, a net positive adjustment is translated into functional currency at the spot rate on the date the adjustment is taken into account.

One of three principles may apply to address translation issues with respect to a negative adjustment, depending on whether the net negative adjustment is allocated to interest accrued in the current taxable year, interest accrued and not paid in a prior taxable year or interest accrued and paid in a prior taxable year. With respect to a net negative adjustment that reduces interest accrued in the current year in nonfunctional currency, neither the portion of the net negative adjustment so used nor the interest reduced by such adjustment is translated into functional currency. With respect to a net negative adjustment that reduces interest accrued but not paid in a prior year, the taxpayer translates such net negative adjustment from the nonfunctional currency into its functional currency at the rate used to account for those interest accruals. For this purpose, net negative adjustments are attributable to interest accrued in the immediately preceding taxable year (to the extent the accrued interest was not paid in such year) and thereafter to interest accrued but not paid in each preceding taxable year. With respect to a net negative adjustment that reduces interest accrued and paid in a prior taxable year, the taxpayer translates such net negative adjustment at the spot rate on the issue date or purchase date, if later. Any negative adjustment carryforward is carried forward in nonfunctional currency and applied to reduce interest in subsequent years.

In a year in which the instrument is sold, exchanged or otherwise terminated, any negative adjustment carryforward not applied to interest reduces the holder's amount realized in nonfunctional currency, and no translation is required. With respect to the issuer, in a year in which the instrument is terminated any negative adjustment carryforward not applied to interest results in ordinary income equal to the amount of the carryforward not utilized. Such amount is computed in the nonfunctional currency and translated

into functional currency at the spot rate on the date the instrument was issued.

(c) *Determination of basis.*

In general, a holder computes basis adjustments in nonfunctional currency under the principles of § 1.1275-4(b)(7)(iii) and translates such adjustments into functional currency. Thus, the regulations would provide that a holder's basis in a Class One instrument is increased by the holder's accrued but unpaid interest inclusions on the debt instrument and decreased by the amount of any noncontingent payment and the projected amount of any contingent payment previously made on the debt instrument to the holder. Under this approach, these amounts, determined in nonfunctional currency, are translated under the principles of § 1.988-2(b).

(d) *Determination of amount realized.*

Under § 1.1275-4(b)(7)(iv), for purposes of determining the amount realized by a holder on the scheduled retirement of a contingent payment debt instrument, the holder is treated as receiving the projected amount of any contingent payment due at maturity. In addition, the holder's amount realized is reduced by any negative adjustment carryforward. For purposes of determining the repurchase price paid by the issuer on the scheduled retirement of a contingent payment debt instrument, the issuer is treated as paying the projected amount of any contingent payment due at maturity. Pursuant to the approach under study, these determinations would be made in the nonfunctional currency and would not take into account foreign currency gain or loss, which would be computed separately.

With respect to the holder, in the absence of a negative adjustment carryforward, the amount realized in nonfunctional currency is translated into functional currency by separating the amount realized into its component parts. Consistent with the principles of § 1.988-2(b)(7), the portion of the amount realized equal to accrued but unpaid interest is translated into functional currency at the same rate used to translate those accruals in the relevant years. The remainder of the projected payment is translated into functional currency at the same rate used

to translate principal in the year of issuance or purchase. (Foreign currency gain or loss is computed separately as set forth below.) A negative adjustment carryforward is applied and translated into functional currency under the rules set forth above.

(e) *Determination of foreign currency gain or loss.*

Foreign currency gain or loss is determined on a Class One instrument with respect to principal and interest based on the comparable yield and projected payment schedule under the principles of § 1.988-2(b). Except with respect to a positive adjustment described in § 1.1275-4 (b)(9)(ii)(A), no foreign currency gain or loss is computed with respect to positive or negative adjustments.

(f) *Source rules.*

Any contingent gain characterized as interest is sourced under rules applicable to interest (*i.e.*, sections 861(a)(1) and 862(a)(1)). Under Temp. Reg. § 1.865-1T(b)(2), losses by a holder from a contingent payment debt instrument is generally sourced by reference to § 1.1275-4(b)(9)(iv). Under § 1.1275-4(b)(9)(iv), a holder's deductions or loss related to a contingent payment debt instrument that are treated as ordinary losses are treated as deductions that are definitely related to the class of gross income to which income from such debt instrument belongs. Treasury and the Service believe that the same rule should apply for sourcing of losses related to Class One instruments. Accordingly, a holder's ordinary losses resulting from negative adjustments with respect to a Class One instrument would be given the same source as the interest income from the instrument. Similarly, Treasury and the Service believe that deductions or losses related to a Class One instrument that the holder treats as capital losses should, consistent with the general principles of § 1.865-1T(b)(2), be sourced based on the residence of the holder.

(g) *Netting.*

Treasury and the Service recognize that there are different character and source rules which relate to market gain or loss and currency gain or loss on a Class One

instrument and are studying the extent to which netting of such gains or losses should be permitted. For illustration purposes, in Example 2 below, the amounts related to currency gain or loss and market gain or loss are computed separately. Comments are requested regarding the extent to which netting should be permitted.

### 3. Examples.

The following examples are intended to illustrate the principles outlined above. In each example, assume that the instrument described is a debt instrument for federal income tax purposes. No inference is intended, however, as to whether the instrument is a debt instrument for federal income tax purposes.

#### Example 1.

On December 31, 1999, Z, a calendar year U.S. resident taxpayer whose functional currency is the U.S. dollar, purchases, at original issue, a zero-coupon debt instrument with a non-currency contingency for £1,000. The debt instrument was issued by a foreign corporation. The debt instrument would be subject to § 1.1275-4(b) if it were denominated in dollars. The debt instrument's comparable yield, determined in British pounds under §§ 1.988-2(b)(2) and 1.1275-4(b), is 10 percent, compounded annually, and the projected payment schedule, as constructed under the principles of § 1.1275-4(b), provides for a single payment of £1210 on December 31, 2001 (consisting of a noncontingent payment of £975 and a projected payment of £235).

The debt instrument is a capital asset in the hands of Z. The payment actually made on December 31, 2001, is £1300. The relevant pound/dollar spot rates over the term of the instrument are as follows:

Date	Spot rate (pounds to dollars)
Dec. 31, 1999 . . . . .	£1.00=\$1.00
Dec. 31, 2000 . . . . .	£1.00=\$1.10
Dec. 31, 2001 . . . . .	£1.00=\$1.20
Accrual period	Average rate (pounds to dollars)
2000 . . . . .	£1.00=\$1.05
2001 . . . . .	£1.00=\$1.15

(i) *Treatment in 2000.* (A) *Determination of accrued interest.* Under the prin-

ciples of section 988 and based on the comparable yield, Z accrues £100 of interest on the debt instrument for 2000 (issue price of £1,000  $\times$  10 percent). Z translates the £100 at the average exchange rate for the year ( $1.05 \times £100 = \$105$ ). Accordingly, Z has interest income in 2000 of \$105, which is foreign source under section 862(a)(1).

(B) *Adjustments to issue price and basis relating to accrued interest.* The adjusted issue price of the debt instrument determined in pounds and Z's adjusted basis in dollars in the debt instrument are increased by the accrued interest. Thus, on January 1, 2001, the adjusted issue price of the debt instrument is £1100. For purposes of determining Z's dollar basis in the debt instrument, the \$1000 basis is increased by the £100 translated at the rate at which interest was accrued for 2000. Accordingly, Z's adjusted basis in the instrument in dollars is \$1105 as of January 1, 2001.

(ii) *Treatment in 2001.* (A) *Determination of accrued interest.* Based on the comparable yield, Z's accrued interest for 2001 is £110 (adjusted issue price of £1100  $\times$  10 percent). For purposes of computing Z's interest inclusions in dollars, the £110 of accrued interest is translated at the average exchange rate for 2001 ( $1.15 \times £110 = \$126.50$ ).

(B) *Effect of net positive adjustment.* The payment actually made on December 31, 2001, is £1300, rather than the projected £1210. Under the principles of § 1.1275-4(b)(6)(i), Z has a net positive adjustment of £90 on December 31, 2001, attributable to the difference between the amount of the actual payment and the amount of the projected payment. The £90 net positive adjustment is treated as interest income and translated into dollars at the spot rate on the date the payment is received ( $1.2 \times £90 = \$108$ ). Accordingly, Z has a net positive adjustment of \$108 resulting in a total interest inclusion for 2001 of \$234.50 (\$126.50 + \$108).

(C) *Adjustments to issue price and basis relating to accrued interest.* Based on the projected payment schedule, the adjusted issue price of the debt instrument immediately before the payment at maturity is £1210 (£1100 plus £110 of accrued interest for 2001). Z's adjusted basis, in dollars, is \$1231.50 (\$1105 plus \$126.50 of accrued interest for 2001).

(D) *Amount realized.*

(i) Even though Z receives £1300 at maturity, for purposes of determining the amount realized, Z is treated as receiving the projected amount of the contingent payment on December 31, 2001. Therefore, Z is treated as receiving £1210 on December 31, 2001.

(ii) For purposes of determining the amount realized (other than for purposes of determining foreign exchange gain or loss as calculated below) in dollars, £100 (representing the interest accrued in 2000) is translated into dollars at the rate at which it was accrued (£1 = \$1.05), resulting in an amount realized of \$105; £110 of the £1210 (representing the interest accrued in 2001) is translated into dollars at the rate at which such payment was accrued (£1 = \$1.15), resulting in an amount realized of \$126.50; and £1000 (representing a return of principal) is translated into dollars at the spot rate on the date the instrument was purchased (£1 = \$1), resulting in an amount realized of \$1000. Accordingly, Z's total amount realized is \$1231.50, the same as its basis, and Z recognizes no gain or loss (prior to consideration of foreign exchange gain or loss) on the retirement of the instrument.

(E) *Foreign exchange gain or loss.* Z realizes foreign exchange gain under section 988 on the instrument as a result of the difference in the exchange rate at which interest was accrued on the instrument and the spot rate on the date the instrument matures. With respect to interest accrued in 2000, this foreign exchange gain equals  $£100 \times (\$1.2 - \$1.05) = \$15.00$  (i.e., the amount of the interest payment multiplied by the difference between the exchange rate on the date the interest payment was received (£1=\$1.2) and the exchange rate at which interest was accrued during 2000 (£1=\$1.05)). With respect to interest accrued in 2001, this foreign exchange gain equals  $£110 \times (\$1.2 - \$1.15) = \$5.50$ . Z also has foreign exchange gain on the repayment of the principal of the debt instrument. Such foreign exchange gain equals  $£1000 \times (\$1.2 - \$1.0) = \$200$  (i.e., the amount of principal received multiplied by the difference between the spot rate on the date the debt instrument matures and the spot rate on the date Z purchased the instrument). Thus, Z recognizes a total foreign

exchange gain on December 31, 2001, of \$220.50

(F) *Source*. In 2001, Z has interest income of \$234.50 (attributable to £110 of accrued interest and the £90 net positive adjustment) which under section 862(a)(1) is sourced by reference to the residence of the payor and is therefore foreign source. Z also has foreign exchange gain of \$220.50, which under § 1.988-4 is sourced by reference to Z's residence and is therefore U.S. source.

#### Example 2.

Assume the same facts as in Example 1 except that at maturity Z receives £975 instead of £1300.

(i) *Treatment in 2000*. (A) *Determination of accrued interest*. Under the principles of section 988 and based on the comparable yield, Z accrues £100 of interest on the debt instrument for 2000 (issue price of £1,000 x 10 percent). Z translates the £100 at the average exchange rate for the year ( $1.05 \times £100 = \$105$ ). Accordingly, Z has interest income in 2000 of \$105, which is foreign source under section 862(a)(1).

(B) *Adjustments to issue price and basis relating to accrued interest*. The adjusted issue price of the debt instrument determined in pounds and Z's adjusted basis in dollars in the debt instrument are increased by the accrued interest. Thus, on January 1, 2001, the adjusted issue price of the debt instrument is £1100. For purposes of determining Z's dollar basis in the debt instrument, the \$1000 basis is increased by the £100 translated at the rate at which interest was accrued for 2000. Accordingly, Z's adjusted basis in the instrument in dollars is \$1105 as of January 1, 2001.

(ii) *Treatment in 2001*. (A) *Determination of accrued interest*. Based on the comparable yield, Z's total daily portions of accrued interest are £110 for 2001 (adjusted issue price of £1100 x 10 percent). Despite the effect of the net negative adjustment set forth in (ii)(B) below, for purposes of computing Z's adjusted basis and amount realized the £110 of accrued interest is translated into dollars at the average spot rate at which such interest was accrued (£1 = \$1.15) to equal \$126.50.

(B) *Effect of net negative adjustment on accrued interest*. Z has a net negative adjustment of £235 on December 31, 2001,

attributable to the difference between the amount of the actual payment (£0) and the amount of the projected payment (£235). Applying the principles of § 1.1275-4, Z's accrued interest income of £110 in 2001 is reduced in pounds by the net negative adjustment to zero.

Further, because Z previously accrued interest of £100 in the year 2000, Z treats £100 of the remaining £125 net negative adjustment as an ordinary loss. This ordinary loss is attributable to interest accrued but not paid in the preceding year. Therefore, Z translates the loss into dollars at the average rate for such year (£1 = \$1.05). Accordingly, Z has an ordinary loss of \$105. (See paragraph (ii) (D) and (E) below for the treatment of the remaining £25 of net negative adjustment).

(C) *Adjustments to issue price and basis relating to accrued interest*. Based on the projected payment schedule, the adjusted issue price of the debt instrument immediately before the payment at maturity is £1210 (£1100 plus £110 of accrued interest for 2001). Z's adjusted basis in dollars is \$1231.50 (\$1105, representing Z's adjusted basis at the end of 2000 (calculated in (i)(B) above), plus \$126.50 accrued interest for 2001).

#### (D) Determination of amount realized.

(i) *In pounds*. Even though Z receives only £975 at maturity, for purposes of determining the amount realized by Z on retirement of the debt instrument, Z is treated as receiving the projected amount of the contingent payment (in pounds) on December 31, 2001, reduced by the amount of Z's negative adjustment carry-forward of £25. Therefore, Z is treated as receiving £1185 (£1210 - £25) on December 31, 2001.

(ii) *In dollars*. Z translates its amount realized into dollars and computes its gain or loss on the instrument (other than foreign exchange gain or loss) pursuant to the payment ordering rules of § 1.988-2(b)(7). Pursuant to these rules, of the £1185 amount realized, £100 represents interest accrued in 2000, £110 represents interest accrued in 2001, and £975 represents a return of principal.

Of the amount realized of £1185, £100 is translated based on the rate interest was accrued in 2000 (£1 = \$1.05) to equal \$105. Another £110 is translated based on the rate interest was accrued in 2001

(£1 = \$1.15) to equal \$126.50. The remaining £975 is translated into dollars at the spot rate on the date the instrument was purchased (£1 = \$1) to equal \$975.

Accordingly, Z's amount realized (without taking into account foreign exchange gain or loss) is \$1206.50 (\$105 + \$126.50 + \$975), and Z computes a capital loss of \$25 on the retirement of the instrument (\$1206.50 - \$1231.50 = \$25).

(E) *Foreign exchange gain or loss*. Z computes a foreign exchange gain on the repayment of principal as follows: £975 x (1.2 - 1.0) (i.e., the amount of the principal payment multiplied by the difference between the spot rate on the date of payment (£1 = \$1.2) and the spot rate on the date the instrument was purchased (£1 = \$1.0)). Accordingly, Z's foreign exchange gain is \$195. This foreign exchange gain is characterized as ordinary income. (Because the interest accrued in 2000 and 2001, as well as £25 of principal, was not actually received, no foreign exchange gain or loss is realized with respect to such amounts.)

#### (F) Sourcing.

(i) *Losses*. On December 31, 2001, Z has an ordinary loss of \$105 (attributable to £100 of Z's previous interest inclusions) and a capital loss of \$25. Under the principles of § 1.1275-4(b)(9)(iv), the \$105 ordinary loss is allocated to the foreign source passive income category under section 904(d) and the regulations thereunder. Under the principles of § 1.865-1T(b)(2), the \$25 capital loss is sourced based on Z's residence and, accordingly, is U.S. source.

(ii) *Foreign currency gain*. Z's foreign currency gain of \$195 is sourced under section 988(a)(3) by reference to the residence of Z. Thus, Z's foreign currency gain is U.S. source.

(G) *Netting*. On December 31, 2001, Z has an ordinary loss of \$105 (attributable to £100 of Z's previous interest inclusions as computed in paragraph (B)), a capital loss of \$25 (attributable to the net negative adjustment on the instrument as computed in paragraph (D)) and an overall foreign exchange gain on the instrument of \$195 (as computed in paragraph (E)). Treasury and the IRS request comments concerning whether such amounts should be treated separately by taxpayers or whether netting of these gains and



losses for purposes of character and source should be required. Regulations could provide, for example, that taxpayers must net capital losses (resulting from net negative adjustments) against foreign exchange gains to avoid a character mismatch between gains and losses from a single instrument. This approach is similar to the one adopted by § 1.988-2(b)(8) with respect to the disposition of debt instruments.

#### *B. Class Two Instruments.*

Class Two instruments consist of contingent payment debt instruments for which payments of principal or interest are denominated in, or determined by reference to, more than one currency and which have no non-currency contingencies. For example, this class would include both a debt instrument that pays a fixed euro interest rate and principal in British pounds and a debt instrument that pays a fixed dollar interest rate and principal in Japanese Yen.

Treasury and the Service are studying an approach under which the proper accounting for a Class Two instrument issued for money or publicly traded property would require a determination of the comparable yield in a single currency and accrual of interest at such yield under the principles of § 1.1275-4(b). Under this approach, the regulations would require that the comparable yield on the debt instrument be determined in the debt instrument's predominant currency. In general, Treasury and the Service expect that the debt instrument's predominant currency would be determined by comparing the functional currency value of the payments denominated in (or determined by reference to) each currency on the issue date, appropriately discounted to present value (in each relevant currency) and translated at the spot rate on such date. Accordingly, in the case of a debt instrument issued for euros that pays a fixed euro interest rate and principal in British pounds, the issuer would determine the predominant currency on the issue date and then apply the principles of § 1.1275-4(b) to determine the comparable yield and projected payment schedule in that currency. For this purpose, payments not denominated in (or

determined by reference to) the predominant currency would be treated in the same manner as non-currency contingencies in a Class One instrument.

Where a significant portion of the payments (as determined on a present value basis as of the issue date) with respect to a Class Two instrument is made in the functional currency of the taxpayer, the Treasury and the Service are studying whether the regulations should treat the functional currency as the instrument's predominant currency. In such case, the comparable yield and projected payment schedule would be determined by applying the principles of § 1.1275-4(b) in the functional currency of the taxpayer. Payments denominated in the nonfunctional currency would be treated in the same manner as non-currency contingencies under § 1.1275-4(b). As a result, no section 988 foreign exchange gain or loss would be recognized with respect to a Class Two instrument for which a significant portion of payments is denominated in, or determined by reference to, the taxpayer's functional currency.

#### *C. Class Three Instruments.*

Class Three instruments are debt instruments for which payments of principal or interest are denominated in, or determined by reference to, more than one currency and which also have one or more non-currency contingencies. Consistent with the treatment of Class One and Class Two debt instruments, Treasury and the Service are considering an approach that would require taxpayers to determine the comparable yield of a Class Three instrument issued for money or publicly traded property by applying the principles of § 1.1275-4(b) in a single currency (which would be determined under the same methodology used for determining the predominant currency of a Class Two instrument). The principles of § 1.1275-4(b) would then be applied with respect to all of the contingent payments on the Class Three instrument (i.e., contingent payments denominated in the predominant currency and all payments denominated in, or determined by reference to, any currency other than the predominant currency).

#### *V. Debt Issued for Non-publicly Traded Property.*

Section 1.1275-4(c) provides rules for the treatment of contingent payment debt instruments issued for non-publicly traded property. Treasury and the Service are considering an approach that would apply the principles of § 1.1275-4(c) in the relevant nonfunctional currency and would require the translation of the resulting interest and principal components into the taxpayer's functional currency under the principles of section 988 and the regulations thereunder.

#### *VI. Anti-abuse Rules.*

Treasury and the Service recognize that a contingent payment debt instrument can be unbundled. These unbundled components, together with the underlying contingent payment debt instrument may lead to timing, character and source distortions. Treasury and the Service request comments on how to draft a narrowly tailored rule that would provide taxpayers with flexibility and certainty with respect to nonfunctional currency contingent instruments while preventing abuse.

#### *VII. Comments.*

Treasury and Service request comments on the matters discussed in this announcement November 1, 1999. Written comments may be submitted to the Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Attention: CC:DOM:CORP:R (Announcement 99-76), Room 5226, Washington DC 20044. Submissions may be hand delivered between the hours of 8 a.m. and 5 p.m. to CC:DOM:CORP:R (Announcement 99-76), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW, Washington DC.

For further information regarding this announcement, contact Howard Wiener of the Office of Associate Chief Counsel (International) at 202-874-4160 (not a toll-free call).

## Foundations Status of Certain Organizations

### Announcement 99-78

The following organizations have failed to establish or have been unable to maintain their status as public charities or as operating foundations. Accordingly, grantors and contributors may not, after this date, rely on previous rulings or designations in the Cumulative List of Organizations (Publication 78), or on the presumption arising from the filing of notices under section 508(b) of the Code. This listing does *not* indicate that the organizations have lost their status as organizations described in section 501(c)(3), eligible to receive deductible contributions.

*Former Public Charities.* The following organizations (which have been treated as organizations that are not private foundations described in section 509(a) of the Code) are now classified as private foundations:

Akasha Foundation for Holistic Studies Inc., Camden, ME  
Alabama Parent Parent Support Network Inc., Montgomery, AL  
Alliance of Hong Kong Chinese in the United States, Santa Clara, CA  
American International Bible Institute and Seminary Inc., West Rush, NY  
Beis Chaim Yitzchok Inc., Monsey, NY  
Columbia Sportsmen Association Inc., Columbia, MD  
Comite Promejoras de San Jeronimo Silacayoapilla, Poway, CA  
Community Hospices of America Inc., Springfield, MO  
Community Relations Council of Brainerd, Chicago, IL  
Cornerstone Youth Camps Inc., Suffolk, VA  
Crandall Park Community Project, Hope Valley, RI  
Current River Flyfishers Association, Licking, MO  
D-Day Plus Fifty Years Inc., La Porte, TX  
Danzartz Company Inc., Huntsville, AL  
East-West Helpline Association Inc., Brooklyn, NY  
Faith Production Ministries, Washington, DC  
Fern Street Circus Inc., San Diego, CA  
Franklin Institute for the Study of American Heritage, Newport Beach, CA

Friends of Cabin Creek Inc., Vinita, OK  
Friends of Cheder Kol Hyom, Brooklyn, NY  
Glac Inc., Beckley, WV  
Global Commission to Fund the United Nations, Washington, DC  
Harris Home Resident Management Corporation, Atlanta, GA  
Health & Help Corporation, Staten Island, NY  
Hurricane Volleyball Association, Tomball, TX  
I Can Make a Difference Foundation Inc., Gainesville, FL  
Indian Culture & Childrens Society, Hamilton, NJ  
International Martial Arts Club of York County Inc., York, PA  
Jamaican Progressive Society, Mattapan, MA  
John Howland Foundation Inc., Fairhaven, MA  
Lima News Empty Stocking Fund, Lima, OH  
Loving Kids Inc., Atlanta, GA  
Machon Yisrael Trust, New York, NY  
March for Jesus of Michiana Inc., Elkhart, IN  
Martin County Fair Board Inc., Inez, KY  
Meisel Community Resource Fund, Dallas, TX  
Mission of the Heart Rhode Island Chapter, Middletown, RI  
Modern Classic Museum, Redmond, WA  
Nations Capital Junior Golf Association, Washington, DC  
New St. Paul Tabernacle Church of God in Christ Head Start Agency, Detroit, MI  
Odyssey House of Atlanta, Inc., Atlanta, GA  
Project Guantanamo Inc., Washington, DC  
Rely on Winslow Outreach Inc., Sicklerville, NJ  
S L A M, Ashtabula, OH  
Sacramento Aquarium Corporation, Sacramento, CA  
Silver Lake Community Playground Fund, Rochester, MN  
Srpsko Humanitarno Drustvo Derventa, Chicago, IL  
Street Corner of Virginia Inc., Hampton, VA  
Tampa Bay Bird Club, San Antonio, FL  
The Coup Coalition Opposed to the Unity of Prejudice Inc., Tallahassee, FL

Verde Valley Umpires Association, Cottonwood, AZ  
Vida Nueva of North Florida Inc., Tallahassee, FL  
Wood River Affordable Housing Corporation, Wood River, NE  
Yesterday Today Tomorrow, Inc., Lake Charles, LA  
Young Speakers Association, Inc., Louisville, KY

If an organization listed above submits information that warrants the renewal of its classification as a public charity or as a private operating foundation, the Internal Revenue Service will issue a ruling or determination letter with the revised classification as to foundation status. Grantors and contributors may thereafter rely upon such ruling or determination letter as provided in section 1.509(a)-7 of the Income Tax Regulations. It is not the practice of the Service to announce such revised classification of foundation status in the Internal Revenue Bulletin.

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### Announcement 99-79

Revenue Procedure 98-44, 1998-32 I.R.B. 11, dated August 10, 1998, Specifications for Filing Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, magnetically or electronically, reprinted as Publication 1187 (Rev. 8-98), will be used to prepare Forms 1042-S for Tax Year (TY) 1999 filed in Calendar Year (CY) 2000.

Please use the 1999 Instructions for Form 1042-S and other appropriate publications listed in Part A, Sec. 1.04, in the preparation of 1999 Forms 1042-S.

Please make note of the following changes to the Publication 1187

(Rev. 8-98). These changes need to be adhered to in order for your Forms 1042-S to be filed correctly both magnetically/electronically with the Internal Revenue Service at the Martinsburg Computing Center.

1. The Tax Year reported in the Transmitter "T" Record, Recipient "Q" Record, and Withholding Agent "W" Record will be 1999, unless filing for a prior tax year.

2. The addresses for the Martinsburg Computing Center have changed.

A. The new address for filing Form 1042-S magnetically/electronically to the Martinsburg Computing Center is:

If by Postal Service, truck, or air freight:

IRS-Martinsburg Computing Center  
Information Reporting Program  
230 Murall Drive  
Kearneysville, WV 25430

B. To send a magnetically filed extension of time request (Form 8809), undue hardship waivers (Form 8508), and requests for extension of time to file returns (Form 8809) or to furnish the statements to recipients use the following address:

If by Postal Service, truck or air freight:

IRS-Martinsburg Computing Center  
Information Reporting Program  
Attn: Extension of Time Coordinator  
240 Murall Drive  
Kearneysville, WV 25430

**NOTE:** Due to security regulations at MCC, the Internal Revenue police officers will not accept media from Private Delivery Services (PDSs) or couriers between the hours of 3:00 p.m. to 11:00 p.m. seven days a week, and 11:00 p.m. to 7:00 a.m., Saturday and Sunday.

3. The following types of media are no longer accepted by IRS/MCC:

1. 5 ¼-inch diskettes
2. 3 ½-inch diskettes created on a non-MS-DOS system
3. 3 ½-inch diskettes created on a System 36 or AS400

4. The acceptable sizes of Quarter Inch Cartridges (QIC) have changed. Part B, Section 4.08(b) delete Quarter Inch Cartridges with a size of QIC-11, QIC-320, and QIC-1350.

5. Part C, Bisynchronous (Mainframe) Electronic Filing Specifications, and Part D, Asynchronous (IRP-BBS) Electronic Filing Specifications, contained in Publication 1187 (Rev. 8-98) **will no longer be used for electronic filing** of Forms 1042-S. A revised Part C, Electronic Filing Specifications, included below, must be used for submitting all electronic files to the Martinsburg Computing Center beginning November 1, 1999. The new telephone number for electronic filing is **304-262-2400**.

## Part C. Electronic Filing Specifications

### Sec. 1 Background

.01 IRS-MCC is in the process of upgrading all of its hardware and software for electronic filing. Effective October 31, 1999, the Information Reporting Program - Bulletin Board System (IRP-BBS) and 3780 bisynchronous electronic filing systems will be discontinued. Starting November 1, 1999, users will be able to access the new electronic filing system via analog and ISDN BRI connections. Bisynchronous electronic filing will no longer be supported. The new system is designed to support the electronic filing of information returns only. The new telephone number for electronic filing is **(304-262-2400)**. Publications and forms will no longer be electronically available from MCC. Users needing the publications and forms no longer available on the IRP-BBS will need to download them from the IRS's Internet Web Site at [www.irs.ustreas.gov](http://www.irs.ustreas.gov) or order them by calling 1-800-TAX-FORM (1-800-829-3676).

### Sec. 2 Advantages of Filing Electronically

Some of the advantages of filing electronically are as follows:

- (1) Acknowledgment of files received.
- (2) Notification within 20 workdays as to the acceptability of the data transmitted (30 days for replacement transmissions).
- (3) Better customer service due to on-line availability of transmitters files for research purposes.

### Sec. 3 General

.01 Electronic filing of Forms 1042-S, originals, corrections, and replacements of information returns is offered as an alternative to magnetic media (tape, tape cartridge, or diskette) or paper filing, but is not a requirement. Transmitters filing electronically will fulfill the magnetic media requirements for those payers who are required to file magnetically. It may also be used by payers who are under the filing threshold requirement, but would prefer to file their information returns this way. If the original file was sent magneti-

cally, but was returned for replacement, the replacement may be transmitted electronically. Also, if the original file was submitted via magnetic media, any corrections may be transmitted electronically.

.02 The electronic filing of information returns is not affiliated with the Form 1040 electronic filing program. These two programs are totally independent, and filers must obtain separate approval to participate in each of them. All inquiries concerning the electronic filing of information returns should be directed to IRS/MCC. IRS/MCC personnel cannot answer questions or assist taxpayers in the filing of Form 1040 tax returns. Filers with questions of this nature will be directed to the Customers Service toll-free number (1-800-829-1040) for assistance.

.03 Files submitted to IRS/MCC electronically must be in standard ASCII code. No magnetic media or paper forms are to be submitted with the same information as the electronically submitted file.

.04 If a request for extension is approved, transmitters who file electronically will be granted an extension of time to file. Part A, Sec. 11, explains procedures for requesting extensions of time. Filers are encouraged to file their data as soon as possible.

.05 The formats of the "T", "Q", "W", and "Y" Records are the same for electronically filed records as they are for 3 1/2-inch diskettes, tapes, and tape cartridges, and must be in standard ASCII code. For electronically filed documents, each transmission is considered a separate file; therefore, each transmission must begin with a Transmitter "T" Record and end with an End of Transmission (EOT) "Y" Record.

### Sec. 4 Electronic Filing Approval Procedure

.01 Filers must obtain, or already have, a Transmitter Control Code (TCC) assigned prior to submitting their files electronically. (Filers who currently have a TCC for magnetic media filing of Form 1042-S, beginning with numbers "22", do not have to request a second TCC for electronic filing.) Refer to Part A, Sec. 7, for information on how to obtain a TCC.

.02 Once a TCC is obtained, electronic filers assign their own passwords and do not need prior or special approval.



**.03** With all passwords, it is the user's responsibility to remember the password and not allow the password to be compromised. Passwords are user assigned at first logon and are up to 8 alpha/numerics, which are case sensitive. However, if filers do forget their password, call **304-263-8700** for assistance.

**Note: Passwords are case sensitive.**

## Sec. 5. Test Files

**.01** Filers are not required to submit a test file; however, the submission of a test file is encouraged for all electronic filers because of the new hardware and software. If filers wish to submit an electronic test file for Tax Year 1999 (returns to be filed in 2000), it **must** be submitted to IRS/MCC no earlier than December 1, 1999, and **no later than** February 15, 2000.

**.02** If a filer encounters problems while transmitting the electronic test files, contact IRS/MCC for assistance.

**.03** Filers can verify the status of their transmitted test data by dialing the electronic filing system phone number (**304-262-2400**). This information will be available within 20 workdays (30 workdays for replacements) after their transmission is received by IRS/MCC.

## Sec. 6. Electronic Submissions

**.01** Electronically filed information may be submitted to IRS/MCC 24 hours a day, 7 days a week. Technical assistance will be available Monday through Friday between 8:30 a.m. and 4:30 p.m. Eastern Time by calling **304-263-8700**.

**.02 Do not transmit data electronically from December 28, 1999, through January 5, 2000.** This will allow time

for IRS/MCC to update their system to reflect current year changes.

**.03** Data compression is encouraged when submitting information returns electronically. MCC has the ability to decompress files created using several popular software compression programs such as ARC, COMPRESS, LHARC, and PKZIP.

The time required to transmit information returns electronically will vary depending on the modem speed and the type of data compression used, if any. **The time required to transmit a file can be reduced by as much as 95 percent by using software data compression and hardware compression.**

The following are actual transmission rates achieved in test uploads at MCC using compressed files. The actual transmission rates will vary depending on modem speeds.

Transmission Speed in bps	1000 Records	10,000 Records	100,000 Records
19.2K	23 Sec.	4 Min.	40 Min.
56K	14 Sec.	2 1/2 Min.	22 Min.
128K (ISDN)	5 Sec.	40 Sec.	4 Min.

**.04** Files submitted electronically will be assigned a unique filename by the IRS system (the users may name files anything they choose from their end). The IRS assigned filename will consist of the submission type [TEST, ORIG (original), CORR (correction), and REPL(replacement)], filer's TCC and a four digit number sequence. The sequence number will be incremented for every file sent. For example, if it is your original file for the calendar year and your TCC is 22000, the IRS assigned filename would be ORIG.22000.0001. Record the filename. This information will be needed by MCC in order to identify the file, if assistance is required, and to complete Form 4804.

**.05** Electronic filers must transmit their files by the due date of the return. If a file is bad, the filer will have 45 days to transmit the first replacement, and 30 days thereafter, if additional replacements are necessary.

**.06** Filers are advised not to resubmit an entire file if records were omitted from the original transmission. This will result

in duplicate filing. A new file should be sent consisting of the records that had not previously been submitted.

**.07** The TCC (beginning with the numbers "22") in the Transmitter "T" Record must be the TCC used to transmit the file; otherwise, the file will be considered in error.

## Sec. 7. Transmittal Requirements

**.01** The results of the electronic transmission will be available in the File Status area of the electronic system within 20 workdays (30 workdays for replacements); however, no further processing will occur until the signed Form 4804 is received. The Form 4804 must be postmarked by the due date of the return. No return is considered filed until a Form 4804 is received by IRS/MCC. The Form 4804 may be faxed to 304-264-5602.

**.02** Form 4804 can be ordered by calling the IRS toll-free forms and publications order number **1-800-TAX-FORM (1-800-829-3676)**, or it may be computer-

generated. It may also be obtained from the **IRS's Internet Web Site at [www.irs.ustreas.gov](http://www.irs.ustreas.gov)**. If a filer chooses to computer-generate Form 4804, all of the information contained on the original form, including the affidavit, must also be contained on the computer-generated form.

**.03** The TCC used in the Transmitter "T" Record (beginning with numbers "22") is the TCC which must appear on the transmittal Form 4804.

**.04** Forms 4804 may be mailed to the following address:

If by Postal Service, air or truck freight:

IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Electronic Filing Coordinator**  
230 Murall Drive  
Kearneysville, WV 25430

Please indicate on the envelope the following message:

**CONTAINS FORM 4804 INFORMATION - NO MAGNETIC MEDIA**

## Sec. 8. Electronic Filing Specifications

**.01** The Electronic Filing System is designed exclusively for the filing of various information returns.

**.02** A transmitter must have a TCC before a file can be transmitted. If you have a TCC for magnetic media filing which begins with the numbers "22", that TCC can also be used for electronic filing.

**.03** Filers can determine the acceptability of files submitted by checking the file status area of the system. These reports will be available on the electronic system within 20 workdays (30 workdays for replacements) after the transmission is received by IRS/MCC.

**.04** Contact the Electronic Filing System by dialing **304-262-2400**. This number supports analog connections from 1200 bps to 56Kbps or ISDN BRI 128 Kbps connections. The system can be accessed via Dial-up network/web browser or a communications software package such as Hyperterminal, Procomm, PCAnywhere, etc. The Dial-up network/web browser will provide an Internet-like look without going through the Internet. If you do not have this capability, a text interface will be available that can be accessed via typical communications software and will perform similar to the former IRP-BBS.

## Sec. 9. Dial-up Network/Browser Specifications (Web Interface)

**.01** Due to the large number of communication products available, it is impossible to provide specific information on a particular software package or hardware configuration. Filers should contact their software or hardware supplier for assistance. Your browser will need to be ca-

pable of file uploads (i.e., Internet Explorer 4.0, Netscape Navigator 2.0 or higher). The following are some general instructions (many of these settings may already be set by default in your software):

### **.02** Dial-up network settings:

- (a) Set dial-up server type to PPP
- (b) Set network protocol to TCP/IP
- (c) Enable software compression
- (d) Enable PPP LCP extensions

### **.03** Browser settings:

- (a) Set to receive 'cookies'
- (b) Enable JavaScript or Jscript
- (c) Browser must be capable of file uploads (i.e., Internet Explorer 4.0, Netscape 2.0 or higher)
- (d) Enter the URL address of <http://10.225.224.2>

## Sec. 10. Communication Software Specifications (Text Interface)

**.01** Communications software settings should be:

- No parity
- Eight data bits
- One stop bit
- Full duplex

## Sec. 11. Modem Configuration

### **.01** Hardware features

- (a) Enable hardware flow control
- (b) Enable modem error control
- (c) Enable modem compression

## Sec. 12. Logon Procedures

**.01** The first time you log on to the electronic system, you will need to create a new account. After completing the registration information, you will be prompted for a user name and password. Passwords are assigned by the user at first

logon and are up to 8 alpha/numerics which are case sensitive. Remember your **exact** user name and password for future reference. If you forget your user name and password, call IRS/MCC at 304-263-8700 for assistance.

**.02** Once you are an established user, select the logon option and then you will be prompted for your logon name and password. Once you have entered the information, you will be at the Main Menu. Select one of the following options:

(a) Electronic Filing - this option will allow you to send your files and provide us with current mailing address information in case we need to send any correspondence.

(b) File Status - this option will display the results of your file transfer and will be posted in this area within 20 workdays (30 workdays for replacements).

## Sec. 13. Common Problems Associated with Electronic Filing

**.01** Refer to Part A, Section 17, for common format errors associated with magnetic/electronic files.

**.02** The following are the major non-format errors associated with electronic filing:

1. No Form 4804, Transmittal of Information Returns Reported Magnetically/Electronically

Even though you have sent your information returns electronically, you will still need to mail a signed Form 4804 by the due date of the return. See Part C, Sec. 7.04, for the mailing address. You may also fax the Form 4804 to IRS/MCC at 304-264-5602.

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## 2. Transmitter does not dial back to the electronic filing system to determine file acceptability.

Within 20 workdays (30 workdays for replacements), the results of your file transmission will be posted under the option called File Status. It is very important that you check this option because if your file is bad and we do not receive a timely replacement, you could be subject to a late filing penalty.

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## 3. Transmitter compresses several files into one.

Only compress one file at a time. For example, if you have 10 uncompressed files to send, compress each file separately, and send 10 separate compressed files.

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**4. Transmitter sends a file and File Status indicates that the file is good, but the transmitter wants to send a replacement or correction file to replace the original/correction/replacement file.**

Once a file has been transmitted, you cannot send a replacement file unless the File Status indicates the file is bad (20 workdays after the file was transmitted). If you do not want us to process the file, you must first contact us at 304-263-8700 to see if this is a possibility. However, this will be considered as a replacement file. (See Part A, Sec. 16, for the definition of replacement.)

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**5. File is formatted as EBCDIC.**

All files submitted electronically must be in standard ASCII code.

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## Definition of Terms

*Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:*

*Amplified* describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

*Clarified* is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

*Distinguished* describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

*Modified* is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it ap-

plies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

*Obsoleted* describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in law or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

*Revoked* describes situations where the position in the previously published ruling is not correct and the correct position is being stated in the new ruling.

*Superseded* describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the

new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case the previously published ruling is first modified and then, as modified, is superseded.

*Supplemented* is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

*Suspended* is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

## Abbreviations

*The following abbreviations in current use and formerly used will appear in material published in the Bulletin.*

A—Individual.  
Acq.—Acquiescence.  
B—Individual.  
BE—Beneficiary.  
BK—Bank.  
B.T.A.—Board of Tax Appeals.  
C—Individual.  
C.B.—Cumulative Bulletin.  
CFR—Code of Federal Regulations.  
CI—City.  
COOP—Cooperative.  
Ct.D.—Court Decision.  
CY—County.  
D—Decedent.  
DC—Dummy Corporation.  
DE—Donee.  
Del. Order—Delegation Order.  
DISC—Domestic International Sales Corporation.  
DR—Donor.  
E—Estate.  
EE—Employee.

E.O.—Executive Order.  
ER—Employer.  
ERISA—Employee Retirement Income Security Act.  
EX—Executor.  
F—Fiduciary.  
FC—Foreign Country.  
FICA—Federal Insurance Contribution Act.  
FISC—Foreign International Sales Company.  
FPH—Foreign Personal Holding Company.  
F.R.—Federal Register.  
FUTA—Federal Unemployment Tax Act.  
FX—Foreign Corporation.  
G.C.M.—Chief Counsel's Memorandum.  
GE—Grantee.  
GP—General Partner.  
GR—Grantor.  
IC—Insurance Company.  
I.R.B.—Internal Revenue Bulletin.  
LE—Lessee.  
LP—Limited Partner.  
LR—Lessor.  
M—Minor.  
Nonacq.—Nonacquiescence.  
O—Organization.  
P—Parent Corporation.

PHC—Personal Holding Company.  
PO—Possession of the U.S.  
PR—Partner.  
PRS—Partnership.  
PTE—Prohibited Transaction Exemption.  
Pub. L.—Public Law.  
REIT—Real Estate Investment Trust.  
Rev. Proc.—Revenue Procedure.  
Rev. Rul.—Revenue Ruling.  
S—Subsidiary.  
S.P.R.—Statements of Procedural Rules.  
Stat.—Statutes at Large.  
T—Target Corporation.  
T.C.—Tax Court.  
T.D.—Treasury Decision.  
TFE—Transferee.  
TFR—Transferor.  
T.I.R.—Technical Information Release.  
TP—Taxpayer.  
TR—Trust.  
TT—Trustee.  
U.S.C.—United States Code.  
X—Corporation.  
Y—Corporation.  
Z—Corporation.

## Numerical Finding List<sup>1</sup>

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<sup>1</sup> A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 1999–1 through 1999–26 will be found in Internal Revenue Bulletin 1999–27, dated July 6, 1999.

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<sup>1</sup> A cumulative finding list for previously published items mentioned in Internal Revenue Bulletins 1999–1 through 1999–26 will be found in Internal Revenue Bulletin 1999–27, dated July 6, 1999.



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The abbreviation and number in parenthesis following the index entry refer to the specific item; numbers in roman and italic type following the parenthesis refer to the Internal Revenue Bulletin in which the item may be found and the page number on which it appears.

#### Key to Abbreviations:

Ann	Announcement
RR	Revenue Ruling
RP	Revenue Procedure
TD	Treasury Decision
CD	Court Decision
PL	Public Law
EO	Executive Order
DO	Delegation Order
TDO	Treasury Department Order
TC	Tax Convention
SPR	Statement of Procedural Rules
PTE	Prohibited Transaction Exemption

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